



ASSEMBLY FINANCE COMMITTEE AGENDA

September 07, 2022 at 6:00 PM

Zoom Webinar

<https://juneau.zoom.us/j/93917915176> or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

B. ROLL CALL

C. APPROVAL OF MINUTES

1. August 3, 2022

D. AGENDA TOPICS

2. Investment Performance Update

Investment Managers from Insight Investments will report on FY2022 performance of the mid-term portfolio

3. Updates to Investment Policy Statement

CBJ Staff and advisors from Insight Investments will present recommended updates to the CBJ Investment Policy Statement, including measures to incorporate Sustainability as an objective of CBJ's investment portfolio

4. Property Tax Abatement Program (Ord. 2022-42)

This ordinance proposes to expand tax abatement for qualifying new housing developments borough-wide

5. Gastineau Lodges Pre-Development Loan (Ord. 2022-06(b)(P))

This ordinance appropriates funding from the Affordable Housing Fund for a pre-development loan for the Gastineau Lodges project

6. The Glory Hall Grant (Ord. 2022-06(b)(R))

Staff recommends a grant to the The Glory Hall to offset property taxes due in 2022

7. Revenue Forecast Update

Updated FY2022 sales tax and hotel bed tax revenue forecasts

8. Reallocation of Hotel Bed Tax to Affordable Housing Fund

Consideration of re-directing hotel bed tax from short-term rentals to the Affordable Housing Fund

E. NEXT MEETING DATE

9. September 28, 2022

F. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org.

DRAFT
City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, August 3, 2022, 6:00 pm

I. CALL TO ORDER

The meeting was called to order at 6:00 pm by Chair Triem.

II. ROLL CALL

Committee Members Present: Carole Triem, Chair; Mayor Beth Weldon; Christine Woll; Michelle Bonnet-Hale; Wade Bryson; Alicia Hughes-Skandijs; Greg Smith

Committee Members Present Virtually: None.

Committee Members Absent: Maria Gladziszewski; Wáahlaal Gíidaak

Staff Members Present: Rorie Watt, City Manager; Robert Barr, Deputy City Manager; Robert Palmer, City Attorney; Jeff Rogers, Finance Director; Adrien Speegle, Budget Analyst

Others Present: George Schaaf, Parks and Recreation Director

III. APPROVAL OF MINUTES

The July 6, 2022 minutes were approved as presented.

Chair Triem noted that agenda topic (c) Repeal of Non-Profit Sales Tax Exemption (Ord. 2022-16) will be pulled from this agenda for consideration at a future meeting.

IV. AGENDA TOPICS

a. Expansion of Tax Abatement for New Housing

Rorie Watt, City Manager, presented the memo on packet page 8 relating to expanding tax abatement for new housing development. The memo recommends that in order to receive a tax abatement, the Assembly require multiple units be built on a single lot and that the development remain in common ownership instead of individual ownership.

Mr. Watt and Robert Palmer, City Attorney, responded to Committee questions relating to how the tax abatement requirements fit into CBJ's current zoning.

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In response to Chair Triem's question, Mr. Palmer stated that the Assembly could choose to amend the tax abatement requirements in the future, if they wished to expand the program.

In response to Assemblymember Bryson's question, Mr. Palmer clarified that CBJ's code does currently include an incentive that exempts developers from paying taxes on property in a subdivision until the property is developed, and that there may be some overlap with this existing incentive and the new tax abatement incentive under consideration.

Mr. Watt and Mr. Palmer responded to Committee questions relating to how various development scenarios may qualify for the tax abatement.

Motion: by Mayor Weldon to amend the draft ordinance to require that multiple units be built on a single lot in order to receive the tax abatement and asked for unanimous consent.

Motion passed by unanimous consent.

Motion: by Mayor Weldon to amend the draft ordinance to state that tax abatement will be available on development that remains in common ownership and asked for unanimous consent.

Motion passed by unanimous consent.

Mr. Palmer clarified that the draft ordinance prohibits short-term rentals from being eligible for the tax abatement.

b. Veteran Organizations Sales Tax Exemption (Ord. 2022-36)

Jeff Rogers, Finance Director, stated that veteran organizations are considered to be non-profit organizations by the Internal Revenue Service, however they're classified as 501(c)(19) organizations instead of 501(c)(3) or 501(c)(4). CBJ's sales tax code only includes sales tax exemptions for 501(c)(3) and 501(c)(4) non-profit organizations, and therefore excludes veteran organizations from tax exemption. The American Legion Post #25 has requested that CBJ's code be corrected to include 501(c)(19) non-profit organizations as tax exempt. Mr. Rogers stated that he endorses the correction, as it is sensible to treat 501(c)(19) veteran organizations the same as other non-profits. The potential revenue impact to the City is de minimis.

Chair Triem asked whether there were any other non-profit organizations not currently included in CBJ's sales tax exemption. Mr. Rogers stated that there are, but to his knowledge none that exist in Juneau that fall outside the 501(c)(3),

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501(c)(4), or 501(c)(19) classification for which tax exemption is reasonable and/or requested.

Motion: by Mayor Weldon to move Ordinance 2022-36 to the full Assembly and asked for unanimous consent.

Motion passed by unanimous consent.

c. Repeal of Non-Profit Sales Tax Exemption (Ord. 2022-16)

This agenda topic was pulled by Chair Triem for consideration at a future meeting.

d. Field House Staffing

Mr. Watt stated that when CBJ assumed management of the Dimond Park Field House last winter, staff informed the Assembly that there would be increased costs associated with management of the facility. An additional field house staffing position was requested during the budget process and denied. Mr. Watt stated that due to vacancies in Parks and Recreation's current fiscal year budget, there is available budget authority to hire for the field house position.

Assemblymember Bryson asked whether it is necessary for the field house to stay open fourteen hours, seven days a week.

George Schaaf, Parks and Recreation Director, stated that the field house has 20 core user groups. It is necessary for the field house to offer long open hours to accommodate the demand, as not all user groups can use the field house at the same time. Mr. Schaaf noted that the only time during the year they see a decrease in usage is during the summer, at which time facility hours are reduced accordingly.

In response to Assemblymember Bryson's question, Mr. Schaaf stated that he estimates the field house's cost recovery to be between 30%-50%.

In response to Mayor Weldon's question regarding rates, Mr. Schaaf stated that as a commitment to user groups, the fee structure has been kept the same through the transitional period, however starting in the current fiscal year the field house is starting to charge for storage. As facility operations normalize post-pandemic, the department will have a better idea what cost recovery levels are and whether the fee structure needs to be changed.

Motion: by Mayor Weldon that the Committee consent to a full-time employee for the Dimond Park Field House.

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Section C, Item 1.

Motion passed by unanimous consent.

e. Restricted Budget Reserve Update

Mr. Rogers directed the Committee to packet page 18. Mr. Rogers stated that Resolution 2629, adopted in 2012, established guidelines for the amount, use, and replenishment of the City's budget reserve. The resolution's guidelines follow the Government Finance Officer Association's recommendation to reserve not less than two months (16.7%) of CBJ's annual operating revenues. Based on these guidelines, the table on packet page 18 calculates the recommended amount to replenish the reserve, approximately \$5 million. Mr. Rogers clarified that this amount is likely to go up over time as the City's revenues increase.

In response to Assemblymember Hale's question, Mr. Rogers stated that the interest earned on the balance in the Restricted Budget Reserve is deposited into the general fund.

Assemblymember Smith asked why the reserve balance is based on operating revenues and not expenditures. Mr. Rogers stated that in addition to this recommendation being the industry's best practice, most municipalities have durable revenue streams, such as property tax, which one could argue are more consistent than expenditures. In the long term, most municipalities' revenues will align with their expenditures.

Mr. Rogers stated that the Assembly could contribute to the reserve through supplemental appropriation or build contributions into the manager's proposed budget.

f. Gastineau Lodges Affordable Housing Fund Loan Proposal

Mr. Watt presented the memo on packet page 19, summarizing Gastineau Lodges' request for pre-development loan funds and the risk financing the project could pose to the City. He stated that if the Assembly is comfortable with the risk of a pre-development loan, they could direct staff to draft an ordinance appropriating funds for that purpose.

Mr. Watt stated that the first \$350,000 of the \$700,000 loan would be collateralized by the property, and a lien would be put on building materials. Once the developer completes grading, drainage, and Conditional Use permitting, the remaining \$350,000 would be disbursed, providing the developer match this amount on a dollar-for-dollar basis.

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In response to Mayor Weldon's question, Mr. Watt noted that the developer does not own the land, but has a joint venture agreement with the owner, which allows CBJ to fully lien the land.

Assemblymember Bryson inquired how CBJ can be sure the developer will be able to acquire financing to finish the project, and if CBJ puts a lien on the property and materials, how does that impact the developer's ability to secure other financing.

Mr. Watt stated that the main financing vehicle the developer is pursuing is a Housing and Urban Development (HUD) loan, which is primarily for project construction after pre-development work is completed. The HUD loan would require CBJ's loan be paid off prior to issuance. Mr. Watt noted that if the developer were unable to secure additional financing, CBJ would receive back an improved property (with grading, drainage, utility, permitting, and a retaining wall) that CBJ could have someone else develop.

Mr. Watt responded to Committee questions.

Motion: by Mayor Weldon to direct staff to draft an ordinance for a pre-development loan for \$700,000 that includes the criteria outlined in the memo, to be funded from the Affordable Housing Fund.

Motion passed by unanimous consent.

V. NEXT MEETING DATE

a. **September 7, 2022**

VI. ADJOURNMENT

The meeting was adjourned at 7:10 pm.

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City & Borough of Juneau

September 7, 2022



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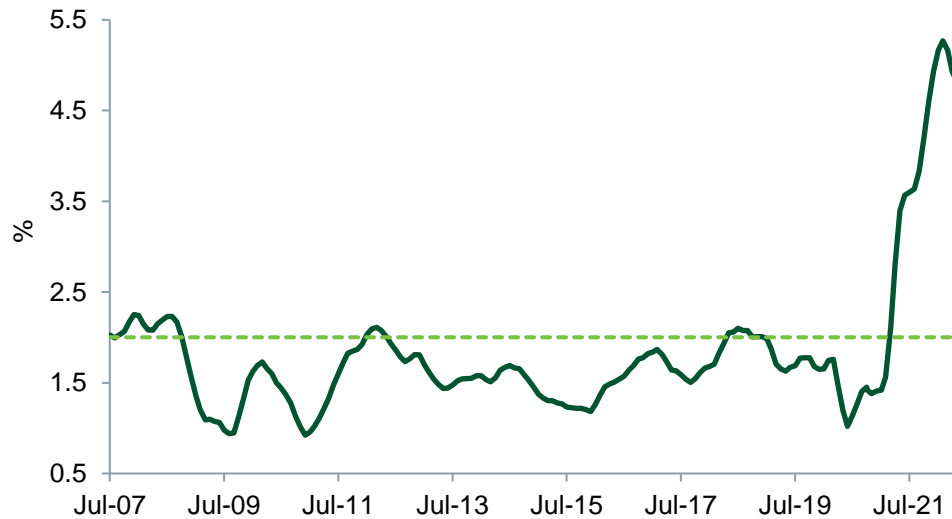
Agenda

- Market outlook
- Portfolio update
- GASB 40 Holdings
- Appendix

Market outlook

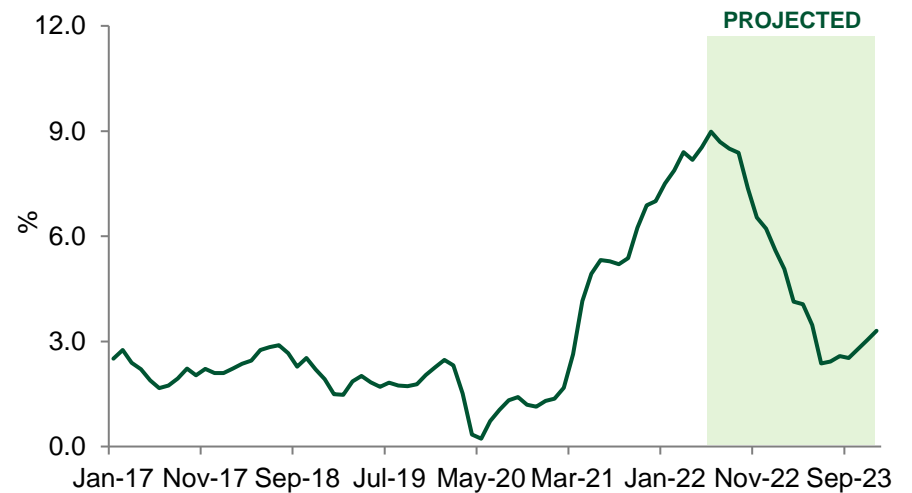
Inflation is far outside the Fed's 'tolerance zone'

Core PCE¹



- Core PCE sits near a multi-decade high:
 - Inflation has continued to accelerate within services, keeping core PCE elevated and increasing the persistence of the inflation overshoot
 - Given lower weighting to used cars, durable goods, and airfare, core PCE is likely to moderate more slowly than CPI

CPI likely to remain elevated

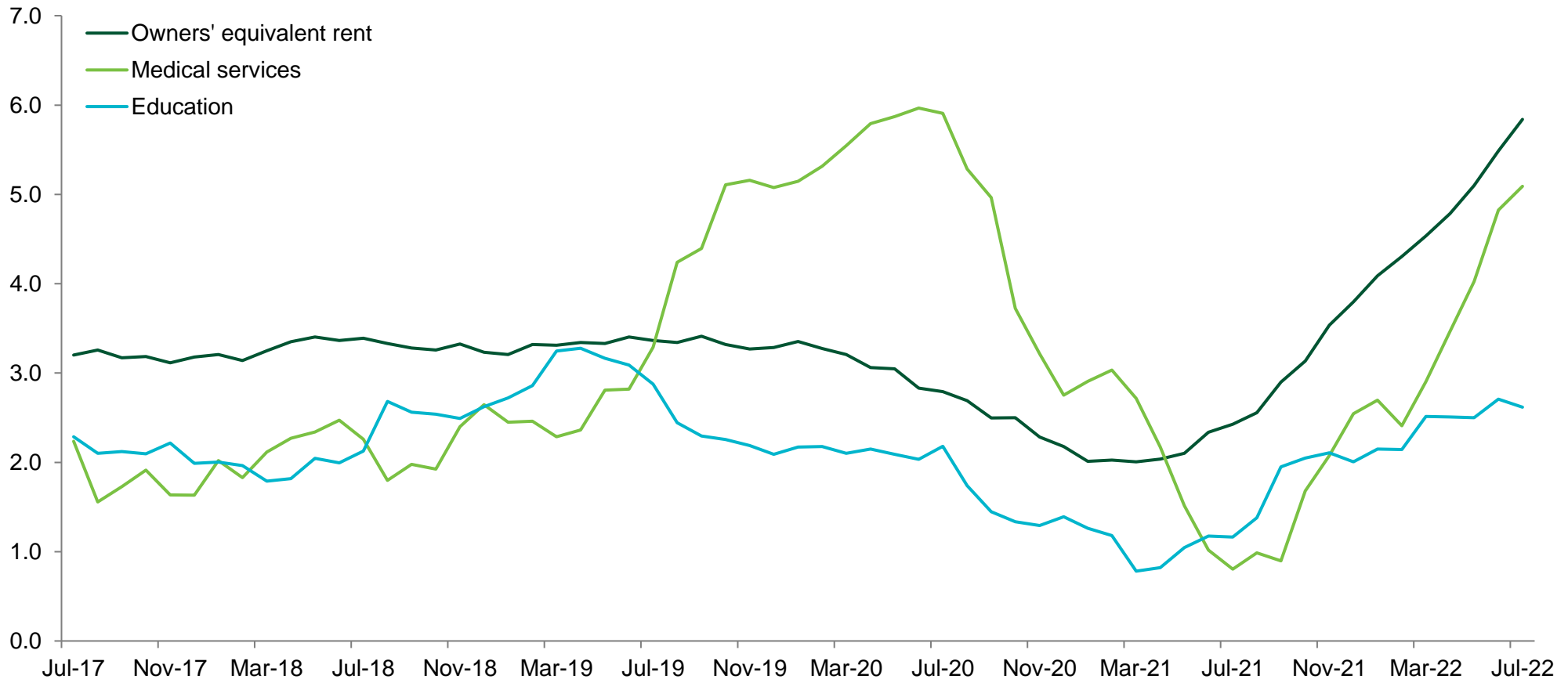


- It will take time for inflation to return to acceptable levels:
 - Assuming oil stays below \$120, CPI is likely to peak around 9%, but faster services inflation will dampen the recovery
 - As goods inflation moderates, thanks in part to base effects, headline inflation can moderate toward 5.5% by year end, though a further commodity rise would delay this improvement

Source: (LHS) Bureau of Economic Analysis, as of July 31, 2022; (RHS) Bureau of Labor Statistics, as of June 30, 2022.

¹ Core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends.

Inflation is shifting to services

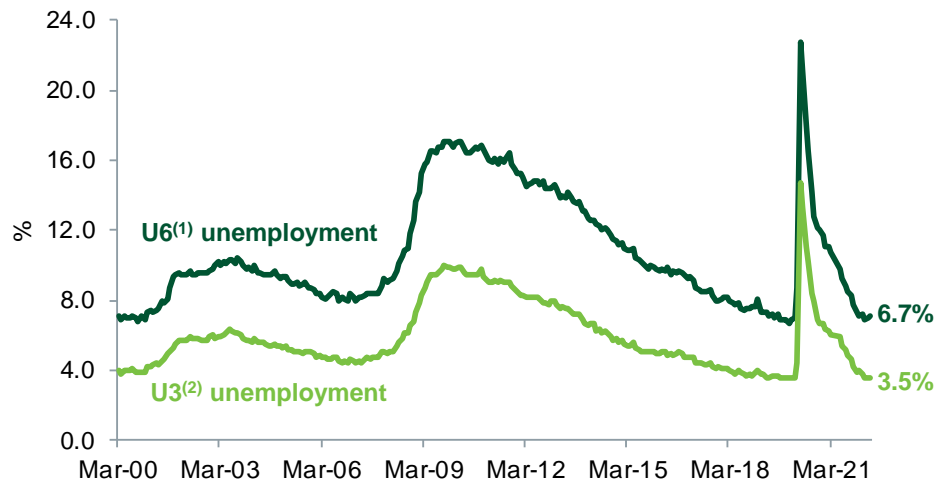


**While headline inflation is set to fall, services inflation is likely to pick up.
In particular, faster shelter inflation will make a return to the Fed's 2% target difficult**

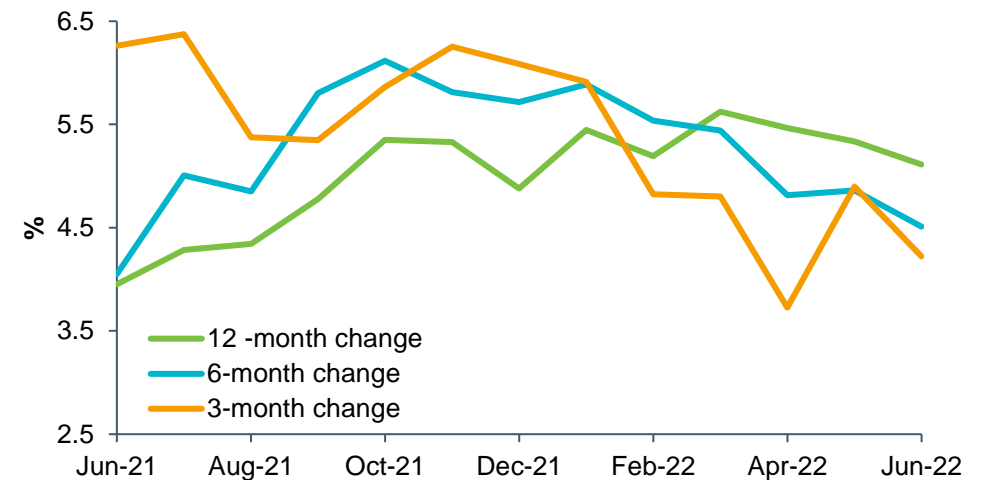
Source: Bureau of Labor Statistics, as of July 31, 2022

Unemployment likely to recover more fully than participation

US unemployment rate



Average hourly earnings YoY



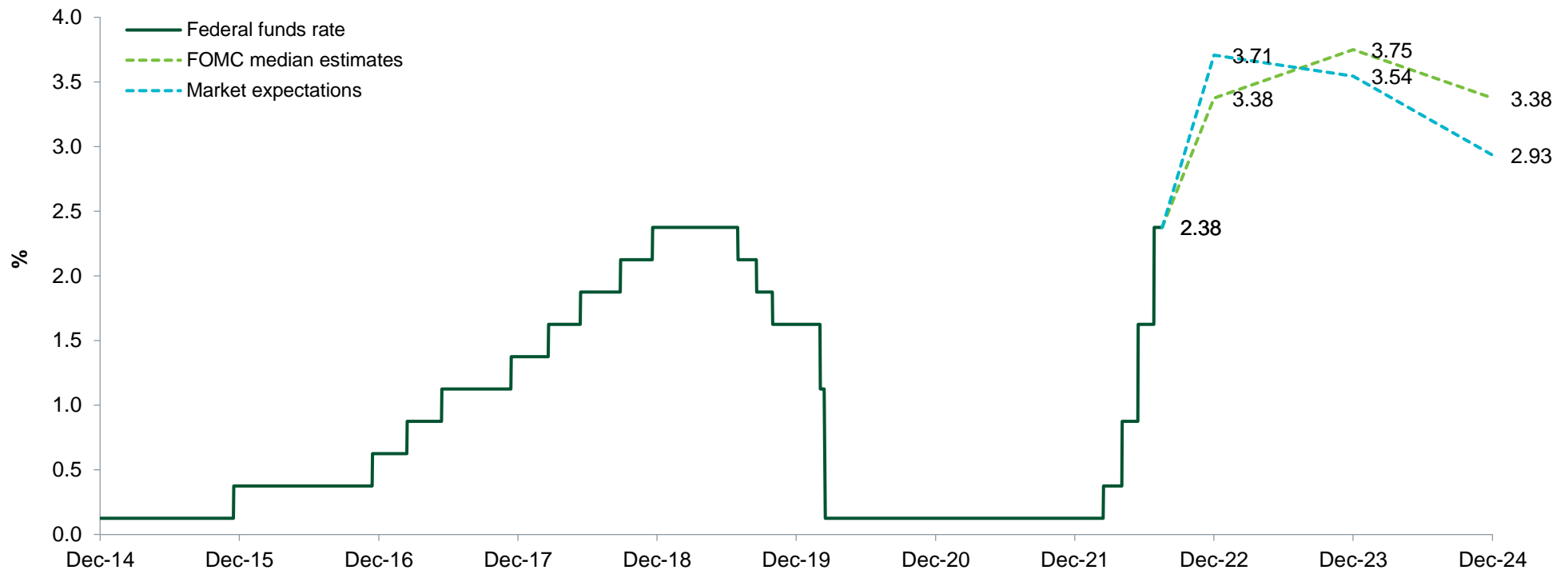
- Full employment has been achieved:
 - The U3 unemployment rate is consistent with “full employment” with prime-age participation recovering strongly
 - With strong demand for labor, we expect unemployment to finish 2022 at a 68-year low, below 3.5%, though Fed tightening is likely to limit declines beyond that
- Wage growth may be peaking:
 - While annual wage growth is quite high, on a 3- and 6-month basis it has begun to slow
 - Reducing wage growth closer to 4-4.5% is essential for the Fed to achieve its inflation target

Source: Bureau of Labor Statistics, as of June 30, 2022,

¹ U6 unemployment rate includes discouraged workers who have quit looking for a job and part-time workers who are seeking full-time employment. ² U3 official unemployment rate.

The Fed moves into an inflation-fighting stance ...

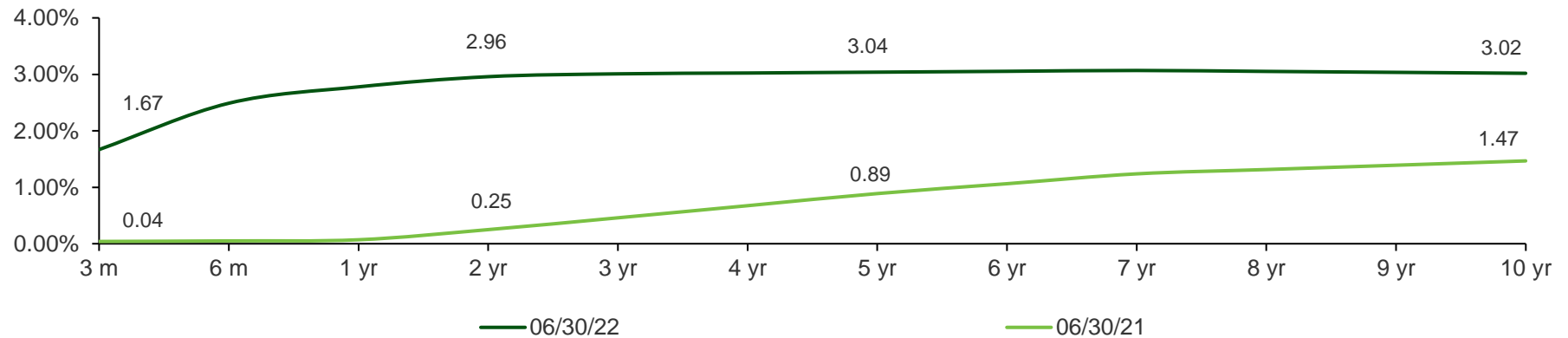
- We expect the Fed to raise rates by over 300bp in 2022
- Balance sheet reduction has begun, and at a \$1.1 trillion annual pace, is likely to continue for 3 years absent a recession
- We expect policy to move beyond the Fed's estimate of neutral by Q4 of this year



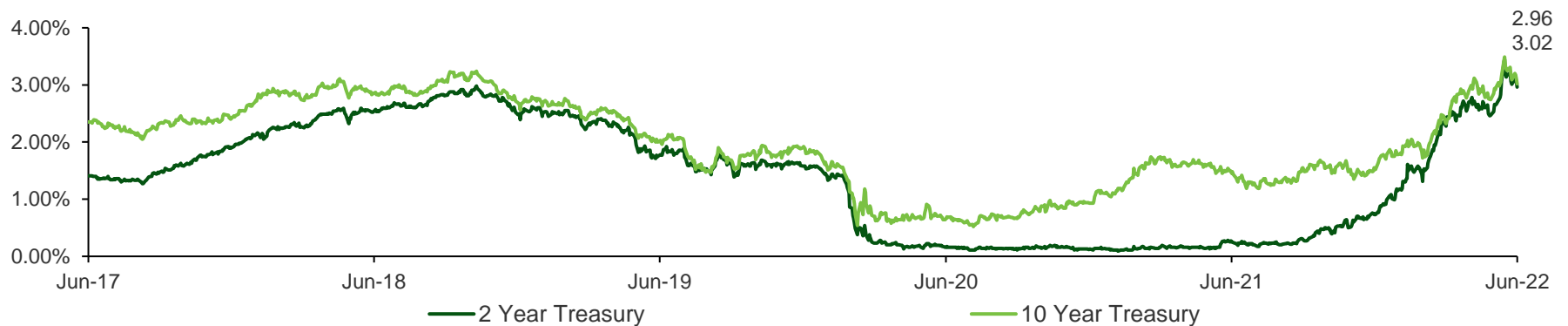
Source: Bloomberg, as of August 29, 2022. Opinions expressed herein are as of the date stated and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. Accordingly, the projections are only an estimate. Please refer to the important disclosures at the back of this presentation.

... resulting in higher Treasury yields

Comparative historical yield curves



Two-year and ten-year Treasury yields: June 2017– YTD 2022



Source: Bloomberg LP, June 30, 2022.

Recession dashboard: Not flashing red... yet

	Rationale	Trigger level	Current Reading
Initial jobless claims	Firing activity typically picks up as labor market strains emerge	Levels outside of 200-250k	248k
University of Michigan job loss probability	Consumers generally retrench as they fear for their job	Readings above 25%	Record low 15%
Real disposable income	Falling real incomes eventually force lower consumption	Negative readings	-2% YTD (though stimulus boosted 2021 well above trend)
Inventory to sales ratio	Elevated inventories can cause production & orders to fall more sharply than demand	1.20 (pre-COVID level)	1.12
Manufacturing overtime hours	Firms often reduce hours before headcount	-0.5 hours YoY	-0.1
Financial conditions	Tighter conditions reduce spending and borrowing	Significant quarterly change	Conditions have tightened to pre-COVID levels
Housing starts	A forward-looking guide to construction activity	5-10% year on year decline	Near post-GFC highs
Corporate financing gap	Debt funded cap-ex is more likely to be cancelled	\$150 billion gap	\$300 billion surplus

Source: Insight, June 30, 2022. Information contained herein is derived from sources believed to be reliable. Insight does not guarantee or warrant the accuracy, timeliness, or completeness of the information either collected, sourced or otherwise provided, and is not responsible for any errors or omissions.



Portfolio update

Performance and key characteristics

As of June 30, 2022

Total market value: \$ 159,609,128

Total return (gross of fees)

	3 months %	YTD %	1 year %	Since Inception % p.a.
Portfolio	-1.01	-4.41	-5.04	-0.11
Benchmark	-1.14	-4.55	-5.20	-0.34
Relative	0.13	0.14	0.15	0.23

Key characteristics	Portfolio	Benchmark	Relative
Yield to worst (%)	3.36	3.35	0.11
Yield to maturity (%)	3.46	3.35	0.01
Effective duration (years)	2.54	2.68	-0.14
Average coupon	1.99	1.92	0.07
Convexity	0.07	0.09	-0.02
Number of issuers	57	643	
Average rating	AA	AA	
Average life	2.79	2.82	-0.03
Duration times spread (DTS)	0.5	0.4	0.10

Commentary

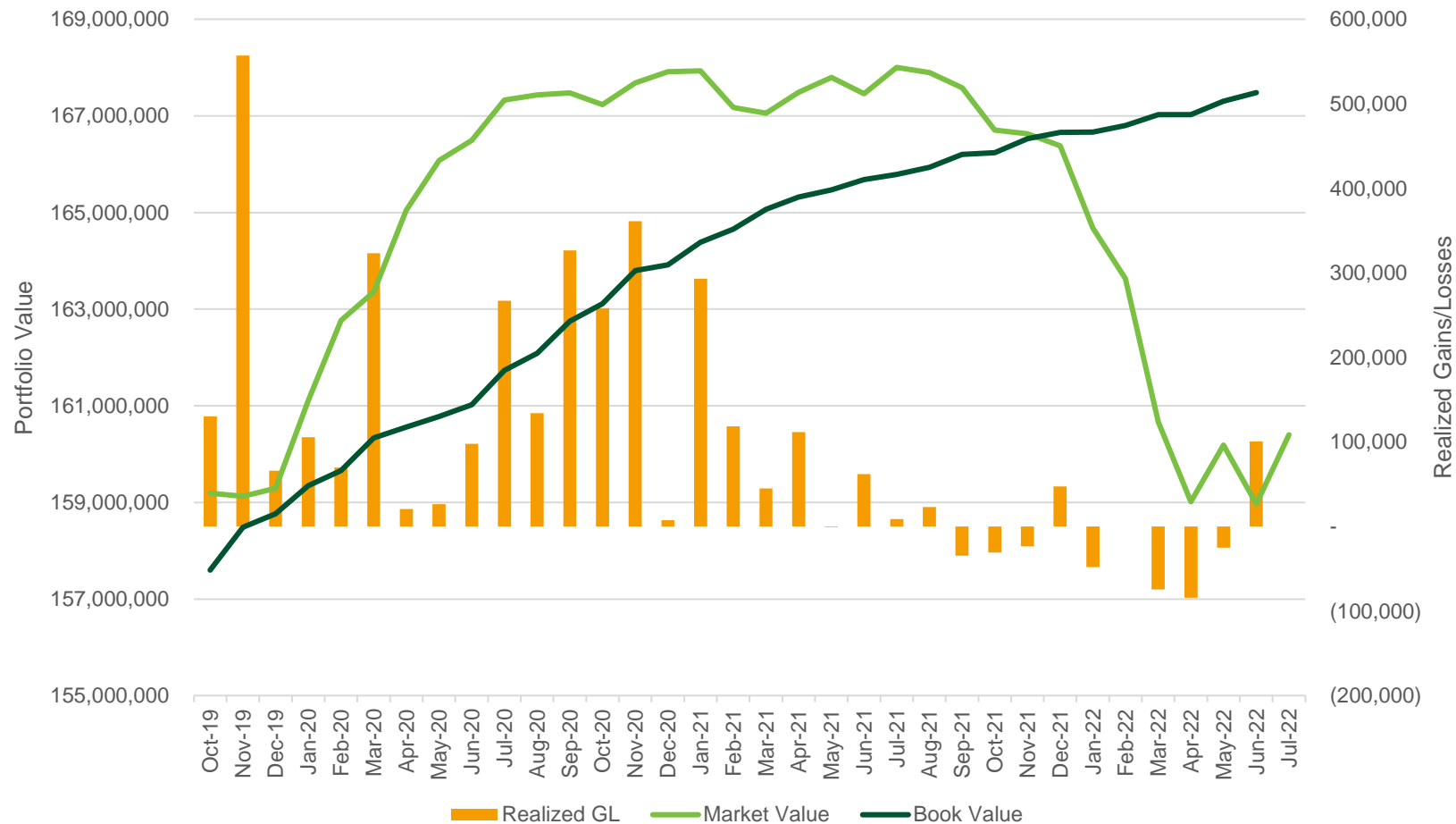
- Positive excess returns; negative absolute returns
- Duration measures price sensitivity to changing interest rates

Sources: Insight, NT, Rimes, Bloomberg

Inception date: 10/31/2019

Recognized versus realized losses

Managing transaction activity to preserve book value



Source: Insight, June 30, 2022. Information contained herein is derived from sources believed to be reliable. Insight does not guarantee or warrant the accuracy, timeliness, or completeness of the information either collected, sourced or otherwise provided, and is not responsible for any errors or omissions.

Portfolio highlights

		Market	Positioning	Outlook	
Sources of Return	Duration/ Curve	<ul style="list-style-type: none">Expeditious pace to higher Fed policy rates	<ul style="list-style-type: none">This interest rate cycle will not be like last cyclesExpect multiple hikes in 2022, balance sheet reduction	<ul style="list-style-type: none">Underweight benchmark duration	<ul style="list-style-type: none">Strategic underweight to durationMarket under-appreciates how far the Fed may go
	Sector/ Sub-Sector	<ul style="list-style-type: none">Remain cautious	<ul style="list-style-type: none">Credit markets are starting to price recession probabilityAgency MBS struggling with rate volatility and potential for active sales from Fed	<ul style="list-style-type: none">Flexibility to add in all non-Treasury sectors	<ul style="list-style-type: none">Credit market valuations are becoming attractive, but may reprice further to “mild” recession scenarios
	Security Selection	<ul style="list-style-type: none">Mindful of market liquidity	<ul style="list-style-type: none">Market is less-liquid in all sectors	<ul style="list-style-type: none">Upgrade to Morgan Stanley creates BBB capacityHigh quality opportunities: ICE, Colgate, Honda	<ul style="list-style-type: none">Beware of downgrade risks in corporate creditManage duration exposure with cash and sales of shorter-term investments

As of 8/29/2022

Sector allocation

As of June 30, 2022

Sector	Market value (%)		Relative (%)
	Portfolio	Benchmark	
Government Mortgage Backed Securities	13.97	-	13.97
Government Agencies	16.09	3.66	12.43
Asset Backed Securities	6.35	-	6.35
Corporate Bonds	34.31	29.67	4.64
Cash & Cash Equivalent	0.78	-	0.78
Municipal/Provincial Bonds	-	0.09	-0.09
Government Bonds	28.50	66.57	-38.07
Total	100.00	100.00	

Commentary

- 40% maximum allocation permitted by policy to corporate securities

Sector contribution to duration

As of June 30, 2022

Sector	Contribution to duration		Relative
	Portfolio	Benchmark	
Government Agencies	0.48	0.09	0.39
Government Mortgage Backed Securities	0.35	-	0.35
Asset Backed Securities	0.09	-	0.09
Corporate Bonds	0.76	0.82	-0.06
Government Bonds	0.86	1.77	-0.91
Total	2.54	2.68	

Commentary

- Further room to add when considering contribution to duration

Maturity and duration summary

As of June 30, 2022

Market value (%)			
Maturity	Portfolio	Benchmark	Relative
0 - 1 Year	5.45	0.52	4.93
1 - 3 Years	41.75	57.59	-15.84
3 - 5 Years	39.04	41.84	-2.80
5 - 7 Years	5.96	0.06	5.90
7 - 10 Years	4.02	-	4.02
10 - 15 Years	2.66	-	2.66
15 - 25 Years	1.13	-	1.13
25+ Years	-	-	-
Total	100.00	100.00	

Market value (%)			
Duration	Portfolio	Benchmark	Relative
0 - 1 Year	10.55	0.33	10.22
1 - 3 Years	57.38	61.48	-4.10
3 - 5 Years	30.62	38.19	-7.57
5 - 7 Years	1.44	-	1.44
7 - 10 Years	-	-	-
10 - 15 Years	-	-	-
15 - 25 Years	-	-	-
25+ Years	-	-	-
Total	100.00	100.00	

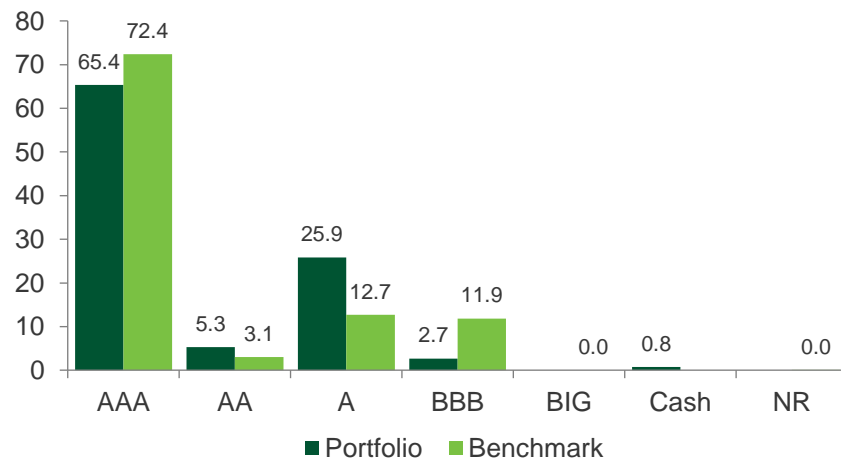
Contribution to duration		
Portfolio	Benchmark	Relative
0.03	0.00	0.03
1.29	1.21	0.08
1.13	1.47	-0.34
0.08	-	0.08
-	-	-
-	-	-
-	-	-
-	-	-
2.54	2.68	

Credit quality summary

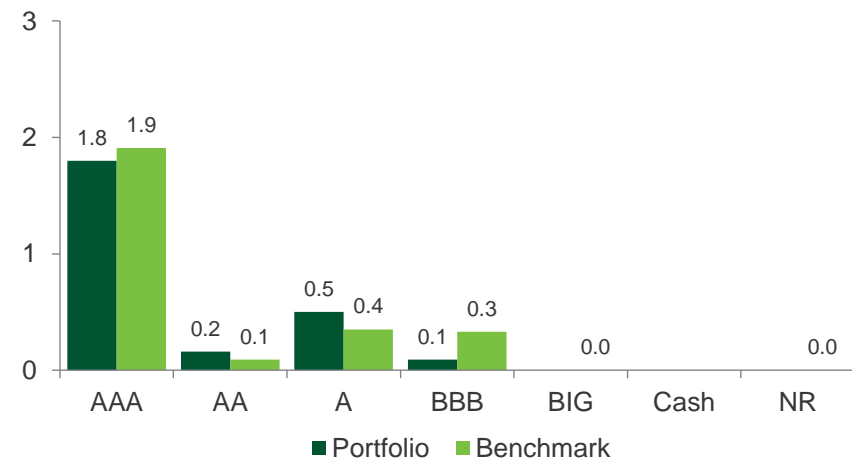
As of June 30, 2022

Rating	Market value (%)			Contribution to duration		
	Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative
AAA	65.39	72.37	-6.98	1.80	1.91	-0.11
AA	5.29	3.05	2.24	0.16	0.09	0.07
A	25.86	12.70	13.16	0.50	0.35	0.15
BBB	2.69	11.86	-9.17	0.09	0.33	-0.24
BIG	-	0.00	0.00	-	0.00	0.00
Cash	0.78	-	0.78	-	-	-
NR	-	0.01	-0.01	-	0.00	0.00
Total	100.00	100.00		2.54	2.68	

Market value distribution (%)



Contribution to duration



Approach used for credit rating: Average.

City & Borough of Juneau

Performance attribution for year to date June 30, 2022

Factors	Value Added (bps)
Duration and Yield Curve	30.3
Allocation	-30.1
Security Selection	15.3
Total	15.5

Key rates	OAD	6 Mo	1 Yr	2 Yr	5 Yr	7 & Over
Portfolio	2.5	0.0	0.1	1.2	1.0	0.1
Benchmark	2.6	0.0	0.2	1.3	1.2	0.0

Commentary

- Underweight duration (+)
- Overweight higher quality (+)
- Agency mortgages (-)

Sector	Overweight/un derweight	Contribution (bps)
Positive contributors		
Corporates - Industrial	-2.5	4.1
Corporates - Utilities	6.5	1.8
Corporates - Financials	3.8	0.9
Cash	0.2	0.0

Negative contributors		
Govt Related-Govt Gtd	3.1	-0.5
Govt Related-Agency	6.7	-0.5
ABS	11.6	-5.5
MBS	6.0	-6.3
Treasuries	-39.2	-12.4

Issuer	Overweight/un derweight	Contribution (bps)
Positive contributors		
State Street Corp	1.4	2.3
Public Service Electric	1.4	1.6
Mitsubishi UFJ	0.6	1.4
DTE Energy	1.0	1.3
Southern Co	-0.1	1.3
Negative contributors		
Credit Suisse	0.8	-0.6
Fannie Mae	3.4	-0.9
DFC	2.6	-1.2
American Honda Finance	0.0	-1.2
HSBC Holdings	1.2	-1.5

City & Borough of Juneau

Corporate ESG Report as of June 30, 2022

This portfolio assesment includes 54 corporate bonds and 42 corporate issuers.

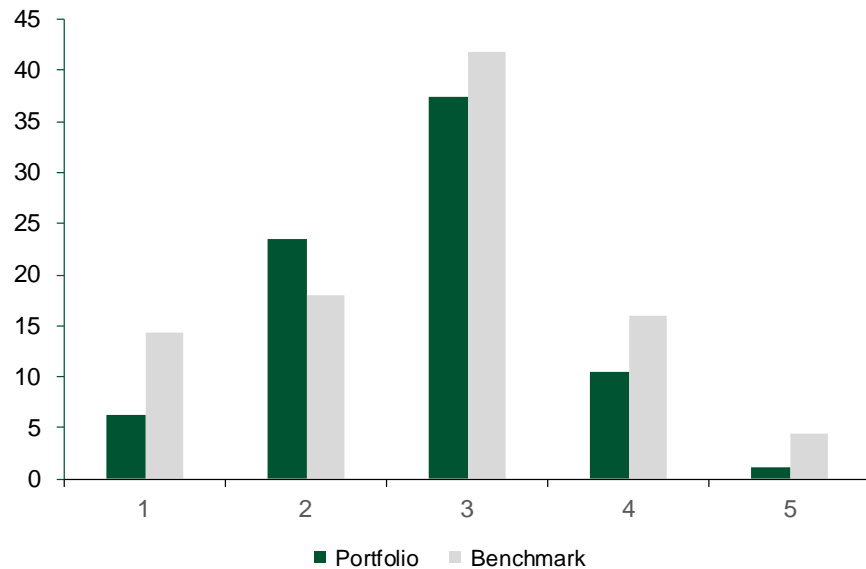
ESG average scores

	Overall	Environment	Social	Governanace	Coverage
Portfolio score	2.7	2.0	2.9	3.4	100.0%
Benchmark score	2.8	2.2	3.0	3.2	94.5%

Rating scale

1	Strongest
2	
3	
4	
5	Weakest

Overall ESG score distribution (%)



Commentary:

- Overall score is stronger than the benchmark
- Avoid / minimize lowest ratings
- Environmental rating does not own anything below a 4-rating

Further information on rating methodology can be found on the next page.

Insight's ESG reporting methodology

Ratings for corporate and sovereign assessments

Insight operates proprietary ESG ratings sovereign and most corporate issuers

- The Insight ESG ratings aim to be dynamic and integrate our fixed income analysts' and portfolio manager views effectively. Our raw data inputs can include datasets from MSCI ESG Research, Sustainalytics, V.E., CDP, World Bank, UN and others.
- Each raw metric has two key elements: 1) a score evaluating metric performance, and 2) a weight evaluating metric materiality. For corporates, they are mapped to our key issues framework (see below), which is then industry weight-adjusted; sovereigns are rated against sustainability factors, which are categorised by theme and weighted.

ESG rating Normalised industry-adjusted score 1-5								
Environment pillar rating Normalised industry-adjusted score 1-5			Social pillar rating Normalised industry-adjusted score 1-5			Governance pillar rating Normalised industry-adjusted score 1-5		
Climate change	Natural capital	Pollution	Customer	Product	Workforce	Corporate Governance	Behaviour	Macro
Environmental controversies			Social controversies			Governance controversies		
Carbon emissions	Biodiversity and land use	Pollution and waste	Customer relations	Controversial sourcing	Health and demographic risk	Board	Anti-competitive practices	Financial system instability
Carbon financing and exposure	Raw material sourcing	Product footprint	Privacy and data security	Financial security	Health and safety	Pay	Business ethics	Policy and lobbying
	Water management			Quality and safety	Human capital	Ownership	Corruption and instability	Tax transparency
				Responsible investment	Labour management	Accounting	Media and marketing	
					Supply chain			

- Insight's ESG ratings methodology focuses on themes our investment staff consider most pertinent for risk. This simplifies the ratings input and ensures the output is materiality-focused. Analysts can recommend to an ESG panel changing the rating with approval.
- Carbon intensity calculations take a companies' total Scope 1 and Scope 2 emissions, then normalised by revenue (US\$). This data is not modified and is sourced from MSCI.

Final output

- The corporate ESG rating indicates an issuer's relative peer performance. We calculate a percentile based on the raw ESG ratings within each GICS industry, and assign an ESG rating (see table).

ESG rating	Percentile range
1 (best)	90-100
2	70-90
3	30-70
4	10-30
5 (worst)	0-10

- The sovereign ESG rating indicates an issuer's performance relative to over 120 peers. We calculate a raw score and assign that score into 1-5 buckets.
- Final scores for both ESG and Carbon are a weighted calculation, and only issuers with data are included. The calculations for ESG overall score, plus the individual pillars are calculated in the same way. No sovereigns are included in carbon calculations.

GASB 40

The following list of holdings is only valid as of June 30, 2022 and should not be relied upon as a complete listing of past investment decisions. Holdings are subject to change without notice, may not represent current or future decisions and should not be construed as investment recommendations.

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
United States Treasury Note/Bond												
912828XT2	USA TREASURY 2%	2.000	05/31/2024		AA+	Aaa	2,450,000.00	2,593,486.73	1.53	2,405,689.45	1.51	1.86
912828YE4	USA TREASURY 1.25%	1.250	08/31/2024		AA+	Aaa	1,975,000.00	2,031,016.38	1.20	1,902,711.92	1.20	2.11
912828YH7	USA TREASURY 1.5%	1.500	09/30/2024		AA+	Aaa	2,835,000.00	2,938,843.95	1.74	2,742,419.53	1.73	2.18
912828YM6	USA TREASURY 1.5%	1.500	10/31/2024		AA+	Aaa	4,375,000.00	4,539,845.01	2.69	4,226,831.04	2.66	2.26
912828G38	USA TREASURY 2.25%	2.250	11/15/2024		AA+	Aaa	1,200,000.00	1,183,500.00	0.70	1,179,656.26	0.74	2.29
912828YV6	USA TREASURY 1.5%	1.500	11/30/2024		AA+	Aaa	4,450,000.00	4,643,624.79	2.75	4,292,685.56	2.70	2.35
912828YY0	USA TREASURY 1.75%	1.750	12/31/2024		AA+	Aaa	1,650,000.00	1,722,392.58	1.02	1,599,082.02	1.01	2.42
912828J27	USA TREASURY 2%	2.000	02/15/2025		AA+	Aaa	3,075,000.00	3,237,398.44	1.92	2,996,083.02	1.88	2.52
91282CAB7	USA TREASURY 0.25%	0.250	07/31/2025		AA+	Aaa	3,600,000.00	3,440,789.06	2.04	3,305,390.62	2.08	3.03
912828K74	USA TREASURY 2%	2.000	08/15/2025		AA+	Aaa	1,750,000.00	1,732,105.47	1.02	1,695,380.86	1.07	2.98
912828J5	USA TREASURY 3%	3.000	10/31/2025		AA+	Aaa	2,600,000.00	2,967,869.38	1.76	2,595,734.39	1.63	3.14
91282CAT8	USA TREASURY 0.25%	0.250	10/31/2025		AA+	Aaa	1,250,000.00	1,236,283.48	0.73	1,139,062.50	0.72	3.27
912828P46	USA TREASURY 1.625%	1.625	02/15/2026		AA+	Aaa	1,650,000.00	1,749,608.12	1.04	1,568,208.99	0.99	3.46
9128286L9	USA TREASURY 2.25%	2.250	03/31/2026		AA+	Aaa	2,890,000.00	3,117,145.11	1.84	2,808,041.39	1.77	3.54
912828R36	USA TREASURY 1.625%	1.625	05/15/2026		AA+	Aaa	2,925,000.00	3,058,494.75	1.81	2,772,008.78	1.74	3.70
91282CDG3	USA TREASURY 1.125%	1.125	10/31/2026		AA+	Aaa	1,000,000.00	980,507.81	0.58	921,757.81	0.58	4.17
91282CDQ1	USA TREASURY 1.25%	1.250	12/31/2026		AA+	Aaa	1,500,000.00	1,479,023.44	0.88	1,386,445.32	0.87	4.32
912828V98	USA TREASURY 2.25%	2.250	02/15/2027		AA+	Aaa	1,350,000.00	1,380,748.66	0.82	1,301,642.58	0.82	4.32
91282CEC1	USA TREASURY 1.875%	1.875	02/28/2027		AA+	Aaa	1,950,000.00	1,926,926.45	1.14	1,850,976.56	1.16	4.39
912828ZS2	USA TREASURY 0.5%	0.500	05/31/2027		AA+	Aaa	3,000,000.00	2,683,840.13	1.59	2,649,375.00	1.67	4.79
Issuer total							47,475,000.00	48,643,449.74	28.78	45,339,183.60	28.52	3.02
Fannie Mae Pool												
3140XTAA9	FANNIE MAE FN FP0000	3.000	11/01/2027		AA+	Aaa	297,976.17	309,336.54	0.18	296,999.08	0.19	1.85
3138MRMU	FANNIE MAE FN AQ9370	2.000	01/01/2028		AA+	Aaa	1,273,816.75	1,272,423.50	0.75	1,245,752.36	0.78	2.02

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Fannie Mae Pool												
3138ELF24	FANNIE MAE FN AL3784	2.000	07/01/2028		AA+	Aaa	1,226,507.17	1,224,974.06	0.72	1,199,451.77	0.75	2.15
3140J5Z44	FANNIE MAE FN BM1662	3.500	04/01/2031		AA+	Aaa	225,913.08	240,244.45	0.14	225,162.24	0.14	1.86
3140X5AD5	FANNIE MAE FN FM1803	3.000	08/01/2031		AA+	Aaa	1,182,954.99	1,216,410.44	0.72	1,178,244.87	0.74	2.52
3140LWDF1	FANNIE MAE FN BT7301	1.500	09/01/2031		AA+	Aaa	1,468,019.19	1,503,802.15	0.89	1,394,806.69	0.88	3.03
3140XEC36	FANNIE MAE FN FM9989	5.000	11/01/2031		AA+	Aaa	1,327,610.73	1,393,783.82	0.82	1,368,265.77	0.86	2.53
3140X5MQ3	FANNIE MAE FN FM2166	2.500	01/01/2033		AA+	Aaa	742,392.74	766,520.50	0.45	728,236.23	0.46	2.64
3140X6XQ9	FANNIE MAE FN FM3386	3.500	07/01/2034		AA+	Aaa	701,481.29	745,433.46	0.44	699,115.25	0.44	2.17
Issuer total							8,446,672.11	8,672,928.92	5.13	8,336,034.26	5.24	2.42
Federal National Mortgage Association												
3135G0X24	FANNIE MAE 1.625%	1.625	01/07/2025		AA+	Aaa	1,194,000.00	1,190,191.14	0.70	1,152,909.09	0.73	2.42
3136G4D75	FANNIE MAE 0.6%	0.600	07/29/2025	07/29/2022	AA+	Aaa	1,750,000.00	1,751,573.25	1.04	1,623,825.89	1.02	2.88
3135G0558	FANNIE MAE 0.5%	0.500	08/14/2025	08/14/2023	AA+	Aaa	1,500,000.00	1,497,000.00	0.89	1,386,264.92	0.87	2.94
3136G4H71	FANNIE MAE 0.5%	0.500	08/18/2025		AA+	Aaa	1,200,000.00	1,199,040.00	0.71	1,106,989.67	0.70	3.07
3135G05X7	FANNIE MAE 0.375%	0.375	08/25/2025		AA+	Aaa	1,447,000.00	1,440,228.04	0.85	1,328,959.40	0.84	3.09
Issuer total							7,091,000.00	7,078,032.43	4.19	6,598,948.97	4.15	2.89
Federal Farm Credit Banks Funding Corp												
3133ELCP7	FEDERAL FARM CREDIT	1.625	12/03/2024		AA+	Aaa	1,500,000.00	1,497,915.00	0.89	1,452,045.24	0.91	2.36
3133EMWH	FEDERAL FARM CREDIT	0.710	04/21/2025		AA+	Aaa	1,575,000.00	1,573,818.75	0.93	1,470,343.19	0.92	2.60
3133ELQ49	FEDERAL FARM CREDIT	0.700	06/30/2025		AA+	Aaa	1,000,000.00	999,200.00	0.59	930,607.95	0.59	2.78
3133EL4D3	FEDERAL FARM CREDIT	0.900	08/19/2027		AA+	Aaa	1,500,000.00	1,498,125.00	0.89	1,326,123.62	0.83	4.55
Issuer total							5,575,000.00	5,569,058.75	3.30	5,179,120.00	3.26	3.09
Federal Home Loan Banks												
3130APRF4	FEDERAL HOME LOAN	1.000	11/15/2024	08/15/2022	AA+	Aaa	1,000,000.00	999,800.00	0.59	953,055.32	0.60	2.20

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Banks												
3130A4CH3	FEDERAL HOME LOAN	2.375	03/14/2025		AA+	Aaa	2,000,000.00	2,063,140.00	1.22	1,961,219.12	1.23	2.58
3130AK5E2	FEDERAL HOME LOAN	0.375	09/04/2025		AA+	Aaa	435,000.00	433,695.00	0.26	399,477.08	0.25	3.11
3130ALCE2	FEDERAL HOME LOAN	0.920	02/26/2027	08/26/2022	AA+	Aaa	1,250,000.00	1,225,862.50	0.73	1,122,469.08	0.71	4.15
3130ALGL2	FEDERAL HOME LOAN	1.115	02/26/2027	08/26/2022	AA+	Aaa	750,000.00	750,000.00	0.44	685,176.05	0.43	4.08
Issuer total							5,435,000.00	5,472,497.50	3.24	5,121,396.65	3.22	3.11
Freddie Mac REMICS												
3137F8BJ1	FREDDIE MAC FHR 5058	1.000	10/15/2026		AA+	Aaa	997,851.79	1,009,662.31	0.60	963,704.80	0.61	1.36
3137ASSN5	FREDDIE MAC FHR 4093 AE	1.750	08/15/2027		AA+	Aaa	1,198,754.40	1,187,843.86	0.70	1,160,634.01	0.73	1.84
3137BYYN4	FREDDIE MAC FHR 4690 EJ	3.000	01/15/2032		AA+	Aaa	1,013,513.92	1,041,306.36	0.62	984,570.80	0.62	3.05
3137FTHV2	FREDDIE MAC FHR 4980	1.250	10/25/2034		AA+	Aaa	918,826.25	932,177.95	0.55	833,223.89	0.52	4.08
3137FVEN8	FREDDIE MAC FHR 5000 CB	1.250	01/25/2035		AA+	Aaa	958,747.28	975,338.09	0.58	870,700.92	0.55	3.99
3137FVM90	FREDDIE MAC FHR 5007	1.500	10/15/2046		AA+	Aaa	301,923.70	305,792.09	0.18	290,932.71	0.18	2.34
Issuer total							5,389,617.34	5,452,120.66	3.23	5,103,767.13	3.21	2.78
Freddie Mac Multifamily Structured Pass Through Certificates												
3137BWWDD	FHLMC MULTIFAMILY	3.002	01/25/2024		AAA	NR	1,425,000.00	1,479,328.13	0.88	1,417,022.42	0.89	1.46
3137F2L38	FHLMC MULTIFAMILY	2.797	12/25/2026		AA+	Aaa	2,603,281.43	2,698,565.58	1.60	2,567,995.51	1.62	2.47
Issuer total							4,028,281.43	4,177,893.71	2.47	3,985,017.93	2.51	2.11
Federal Home Loan Mortgage Corp												
3137EAEP0	FREDDIE MAC 1.5%	1.500	02/12/2025		AA+	Aaa	1,615,000.00	1,613,756.45	0.95	1,552,414.16	0.98	2.53
3134GVB31	FREDDIE MAC 0.75%	0.750	05/28/2025	08/28/2022	AA+	Aaa	1,000,000.00	1,000,310.00	0.59	931,707.39	0.59	2.72
3137EAEX3	FREDDIE MAC 0.375%	0.375	09/23/2025		AA+	Aaa	1,290,000.00	1,286,117.10	0.76	1,183,309.85	0.74	3.16
Issuer total							3,905,000.00	3,900,183.55	2.31	3,667,431.40	2.31	2.79

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
HSBC Holdings PLC												
404280BR9	HSBC HOLDINGS PLC FRN	2.455	05/18/2024		A-	A3	1,250,000.00	1,245,387.50	0.74	1,239,626.01	0.78	0.15
404280CM9	HSBC HOLDINGS PLC	1.589	05/24/2027	05/24/2026	A-	A3	1,500,000.00	1,500,000.00	0.89	1,317,278.43	0.83	3.71
Issuer total							2,750,000.00	2,745,387.50	1.62	2,556,904.44	1.61	2.10
Bank of America Corp												
06051GJH3	BANK OF AMERICA CORP	0.810	10/24/2024	10/24/2023	A-	A2	1,250,000.00	1,253,900.00	0.74	1,191,313.18	0.75	1.29
06051GGZ6	BANK OF AMERICA CORP	3.366	01/23/2026	01/23/2025	A-	A2	1,250,000.00	1,303,450.00	0.77	1,210,614.58	0.76	2.39
Issuer total							2,500,000.00	2,557,350.00	1.51	2,401,927.76	1.51	1.85
Public Service Electric and Gas Co												
74456QBC9	PUBLIC SERVICE ELECTRIC	2.375	05/15/2023	02/15/2023	A	A1	1,700,000.00	1,722,423.00	1.02	1,680,177.27	1.06	0.84
74456QBD7	PUBLIC SERVICE ELECTRIC	3.750	03/15/2024	12/15/2023	A	A1	599,000.00	638,246.48	0.38	600,119.42	0.38	1.52
Issuer total							2,299,000.00	2,360,669.48	1.40	2,280,296.69	1.43	1.02
American Express Credit Account Master Trust												
02582JJR2	AMERICAN EXPRESS	0.900	11/15/2026		NR	Aaa	2,307,000.00	2,306,639.65	1.36	2,173,799.13	1.37	2.31
Issuer total							2,307,000.00	2,306,639.65	1.36	2,173,799.13	1.37	2.31
United States International Development Finance Corp												
90376PCN9	INT DEVELOPMENT FIN	0.800	05/15/2029		AA+	Aaa	1,000,000.00	1,000,000.00	0.59	916,648.80	0.58	3.29
90376PAD3	INT DEVELOPMENT FIN	1.790	10/15/2029		AA+	Aaa	1,318,377.01	1,318,377.01	0.78	1,239,965.55	0.78	3.60
Issuer total							2,318,377.01	2,318,377.01	1.37	2,156,614.35	1.36	3.47
Toronto-Dominion Bank/The												
89114QCL0	TORONTO-DOMINION	1.930	09/28/2023		A	A1	2,100,000.00	2,100,000.00	1.24	2,088,699.90	1.31	0.02
Issuer total							2,100,000.00	2,100,000.00	1.24	2,088,699.90	1.31	0.02

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Fannie Mae REMICS												
3136B9V53	FANNIE MAE FNR 2020-37	1.500	06/25/2035		AA+	Aaa	523,968.08	531,745.73	0.31	480,866.31	0.30	3.91
3136BMJF6	FANNIE MAE FNR 2022-15	2.000	01/25/2039		AA+	Aaa	1,042,869.79	1,044,540.00	0.62	978,929.36	0.62	3.49
3136A5QR0	FANNIE MAE FNR 2012-33	2.000	05/25/2041		AA+	Aaa	545,358.76	556,777.21	0.33	526,728.87	0.33	2.39
Issuer total							2,112,196.63	2,133,062.94	1.26	1,986,524.54	1.25	3.31
Hashemite Kingdom of Jordan Government AID Bond												
418097AF8	AID-JORDAN 3%	3.000	06/30/2025		AA+	Aaa	2,000,000.00	2,126,480.00	1.26	1,985,284.50	1.25	2.85
Issuer total							2,000,000.00	2,126,480.00	1.26	1,985,284.50	1.25	2.85
Exxon Mobil Corp												
30231GBH4	EXXON MOBIL	2.992	03/19/2025	02/19/2025	AA-	Aa2	1,975,000.00	1,975,000.00	1.17	1,944,535.41	1.22	2.54
Issuer total							1,975,000.00	1,975,000.00	1.17	1,944,535.41	1.22	2.54
Credit Suisse AG/New York NY												
22550UAB7	CREDIT SUISSE NEW YORK	1.254	02/02/2024		A	A1	750,000.00	746,422.50	0.44	739,340.36	0.47	0.01
22546QAP2	CREDIT SUISSE NEW YORK	3.625	09/09/2024		A	A1	500,000.00	543,270.00	0.32	490,951.01	0.31	2.06
22550L2G5	CREDIT SUISSE NEW YORK	1.250	08/07/2026		A	A1	750,000.00	730,620.00	0.43	655,590.63	0.41	3.89
Issuer total							2,000,000.00	2,020,312.50	1.20	1,885,882.00	1.19	1.96
Entergy Gulf States Louisiana LLC												
29365PAR3	ENTERGY LOUISIANA LLC	3.780	04/01/2025	01/01/2025	A	A2	1,900,000.00	2,081,735.00	1.23	1,876,437.28	1.18	2.49
Issuer total							1,900,000.00	2,081,735.00	1.23	1,876,437.28	1.18	2.49
JPMorgan Chase & Co												
46647PBQ8	JPMORGAN CHASE & CO	1.514	06/01/2024	06/01/2023	A-	A2	1,000,000.00	1,022,880.00	0.61	974,807.12	0.61	0.90
46647PBT2	JPMORGAN CHASE & CO	1.045	11/19/2026	11/19/2025	A-	A2	1,000,000.00	971,900.00	0.58	888,949.19	0.56	3.26
Issuer total							2,000,000.00	1,994,780.00	1.18	1,863,756.31	1.17	2.05

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Caterpillar Financial Services Corp												
14913Q2M0	CATERPILLAR FINL	1.921	05/15/2023		A	A2	1,250,000.00	1,260,325.45	0.75	1,248,322.70	0.79	0.13
14913R2C0	CATERPILLAR FINL	1.450	05/15/2025		A	A2	500,000.00	512,230.00	0.30	471,376.71	0.30	2.77
Issuer total							1,750,000.00	1,772,555.45	1.05	1,719,699.41	1.08	0.89
Morgan Stanley												
61746BDZ6	MORGAN STANLEY 3.875%	3.875	01/27/2026		A-	A1	1,000,000.00	1,134,950.00	0.67	984,854.02	0.62	3.25
6174468Q5	MORGAN STANLEY 2.188%	2.188	04/28/2026	04/28/2025	A-	A1	775,000.00	817,462.25	0.48	725,518.46	0.46	2.69
Issuer total							1,775,000.00	1,952,412.25	1.16	1,710,372.48	1.08	3.02
3M Co												
88579YBE0	3M COMPANY FRN	1.711	02/14/2024		A+	A1	1,615,000.00	1,624,027.85	0.96	1,604,294.00	1.01	0.12
Issuer total							1,615,000.00	1,624,027.85	0.96	1,604,294.00	1.01	0.12
Goldman Sachs Group Inc/The												
38141GZR8	GOLDMAN SACHS GROUP	3.615	03/15/2028	09/15/2022	BBB+	A2	1,650,000.00	1,587,597.00	0.94	1,561,593.97	0.98	4.21
Issuer total							1,650,000.00	1,587,597.00	0.94	1,561,593.97	0.98	4.21
Verizon Communications Inc												
92343VDY7	VERIZON	4.125	03/16/2027		BBB+	Baa1	725,000.00	805,569.25	0.48	723,247.86	0.45	4.19
92343VER1	VERIZON	4.329	09/21/2028		BBB+	Baa1	825,000.00	828,267.00	0.49	820,507.22	0.52	5.34
Issuer total							1,550,000.00	1,633,836.25	0.97	1,543,755.08	0.97	4.77
Citibank NA												
17325FAS7	CITIBANK NA 3.65%	3.650	01/23/2024	12/23/2023	A+	Aa3	1,535,000.00	1,609,370.75	0.95	1,539,443.47	0.97	1.45
Issuer total							1,535,000.00	1,609,370.75	0.95	1,539,443.47	0.97	1.45
Simon Property Group LP												
828807CR6	SIMON PROPERTY GROUP	3.750	02/01/2024	11/01/2023	A-	A3	250,000.00	267,310.00	0.16	249,719.28	0.16	1.39

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Simon Property Group LP												
828807DG9	SIMON PROPERTY GROUP	2.000	09/13/2024	06/13/2024	A-	A3	785,000.00	805,763.25	0.48	750,644.04	0.47	2.08
828807CV7	SIMON PROPERTY GROUP	3.500	09/01/2025	06/01/2025	A-	A3	500,000.00	548,290.00	0.32	487,147.76	0.31	2.85
Issuer total							1,535,000.00	1,621,363.25	0.96	1,487,511.08	0.94	2.23
Walmart Inc												
931142ES8	WALMART INC 1.5%	1.500	09/22/2028	07/22/2028	AA	Aa2	1,675,000.00	1,673,224.50	0.99	1,468,989.96	0.92	5.78
Issuer total							1,675,000.00	1,673,224.50	0.99	1,468,989.96	0.92	5.78
State Street Corp												
857477BM4	STATE STREET CORP	2.901	03/30/2026	03/30/2025	A	A1	1,500,000.00	1,629,930.00	0.96	1,451,780.79	0.91	2.59
Issuer total							1,500,000.00	1,629,930.00	0.96	1,451,780.79	0.91	2.59
Honda Motor Co Ltd												
438127AA0	HONDA MOTOR CO LTD	2.271	03/10/2025	02/10/2025	A-	A3	1,500,000.00	1,500,000.00	0.89	1,442,885.18	0.91	2.54
Issuer total							1,500,000.00	1,500,000.00	0.89	1,442,885.18	0.91	2.54
ING Groep NV												
456837AX1	ING GROEP NV FRN	1.625	04/01/2027	04/01/2026	A-	Baa1	1,500,000.00	1,517,510.52	0.90	1,435,727.34	0.90	0.19
Issuer total							1,500,000.00	1,517,510.52	0.90	1,435,727.34	0.90	0.19
BMW Vehicle Lease Trust 2022-1												
05601XAC3	BMW VEHICLE LEASE	1.100	03/25/2025		AAA	NR	1,482,000.00	1,481,778.44	0.88	1,430,542.44	0.90	1.31
Issuer total							1,482,000.00	1,481,778.44	0.88	1,430,542.44	0.90	1.31
Mitsubishi UFJ Financial Group Inc												
606822AT1	MITSUBISHI UFJ FIN GRP	3.455	03/02/2023		A-	A1	1,400,000.00	1,450,544.00	0.86	1,401,937.22	0.88	0.65
Issuer total							1,400,000.00	1,450,544.00	0.86	1,401,937.22	0.88	0.65

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Oncor Electric Delivery Co LLC												
68233JBM5	ONCOR ELECTRIC	2.750	06/01/2024	05/01/2024	A+	A2	1,385,000.00	1,421,882.55	0.84	1,364,459.04	0.86	1.82
Issuer total							1,385,000.00	1,421,882.55	0.84	1,364,459.04	0.86	1.82
Consumers Energy Co												
210518CW4	CONSUMERS ENERGY CO	3.125	08/31/2024	05/31/2024	A	A1	1,385,000.00	1,450,122.70	0.86	1,363,337.13	0.86	2.00
Issuer total							1,385,000.00	1,450,122.70	0.86	1,363,337.13	0.86	2.00
Westpac Banking Corp												
961214FA6	WESTPAC BANKING CORP	3.735	08/26/2025		AA-	Aa3	1,250,000.00	1,254,725.00	0.74	1,245,617.19	0.78	2.94
Issuer total							1,250,000.00	1,254,725.00	0.74	1,245,617.19	0.78	2.94
Cash and Cash Equivalents												
	INVESTED CASH	0.000					1,238,450.46	1,238,450.46	0.00	1,238,450.46	0.78	0.00
Issuer total							1,238,450.46	1,238,450.46	0.00	1,238,450.46	0.78	0.00
Deere & Co												
244199BH7	DEERE & COMPANY 2.75%	2.750	04/15/2025	03/15/2025	A	A2	1,250,000.00	1,248,300.00	0.74	1,222,653.73	0.77	2.62
Issuer total							1,250,000.00	1,248,300.00	0.74	1,222,653.73	0.77	2.62
Freddie Mac Gold Pool												
3128MFB1	FREDDIE MAC FG G16143	2.500	04/01/2027		AA+	Aaa	1,198,167.11	1,213,190.98	0.72	1,176,501.36	0.74	1.64
Issuer total							1,198,167.11	1,213,190.98	0.72	1,176,501.36	0.74	1.64
Intercontinental Exchange Inc												
45866FAT1	INTERCONTINENTALEXCH	3.650	05/23/2025		A-	A3	1,166,000.00	1,164,717.40	0.69	1,158,713.55	0.73	2.68
Issuer total							1,166,000.00	1,164,717.40	0.69	1,158,713.55	0.73	2.68

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Freddie Mac Pool												
3131XBNE5	FREDDIE MAC FR ZK7589	2.500	12/01/2028		AA+	Aaa	1,061,018.57	1,110,090.66	0.66	1,044,693.87	0.66	2.11
Issuer total							1,061,018.57	1,110,090.66	0.66	1,044,693.87	0.66	2.11
Intel Corp												
458140AS9	INTEL CORP 3.7%	3.700	07/29/2025	04/29/2025	A+	A1	1,000,000.00	1,051,500.00	0.62	1,006,315.42	0.63	2.73
Issuer total							1,000,000.00	1,051,500.00	0.62	1,006,315.42	0.63	2.73
Cooperatieve Rabobank UA/NY												
21688AAR3	COOPERAT RABOBANK	1.023	01/12/2024		A+	Aa2	1,000,000.00	1,002,370.00	0.59	993,903.97	0.63	0.04
Issuer total							1,000,000.00	1,002,370.00	0.59	993,903.97	0.63	0.04
DTE Electric Co												
23338VAB2	DTE ELECTRIC CO 3.65%	3.650	03/15/2024	12/15/2023	A	Aa3	975,000.00	1,034,075.25	0.61	980,965.14	0.62	1.49
Issuer total							975,000.00	1,034,075.25	0.61	980,965.14	0.62	1.49
Toyota Auto Receivables 2021-B Owner Trust												
89190GAC1	TOYOTA AUTO	0.260	11/17/2025		AAA	NR	1,012,000.00	1,011,891.01	0.60	974,086.03	0.61	1.18
Issuer total							1,012,000.00	1,011,891.01	0.60	974,086.03	0.61	1.18
Honda Auto Receivables 2021-2 Owner Trust												
43811JAC1	HONDA AUTO	0.330	08/15/2025		AAA	Aaa	991,000.00	990,961.35	0.59	958,313.15	0.60	1.08
Issuer total							991,000.00	990,961.35	0.59	958,313.15	0.60	1.08
Apple Inc												
037833DM9	APPLE INC 1.8%	1.800	09/11/2024	08/11/2024	AA+	Aaa	500,000.00	518,870.00	0.31	484,383.07	0.30	2.10
037833CJ7	APPLE INC 3.35%	3.350	02/09/2027	11/09/2026	AA+	Aaa	475,000.00	536,284.50	0.32	471,938.15	0.30	4.09
Issuer total							975,000.00	1,055,154.50	0.62	956,321.22	0.60	3.11

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Delmarva Power & Light Co												
247109BS9	DELMARVA PWR & LIGHT	3.500	11/15/2023	08/15/2023	A	A2	925,000.00	973,081.50	0.58	927,358.14	0.58	1.19
Issuer total							925,000.00	973,081.50	0.58	927,358.14	0.58	1.19
Oracle Corp												
68389XBC8	ORACLE CORP 2.95%	2.950	05/15/2025		BBB	Baa2	950,000.00	1,033,343.50	0.61	909,339.17	0.57	2.65
Issuer total							950,000.00	1,033,343.50	0.61	909,339.17	0.57	2.65
Tennessee Valley Authority Principal Strip												
88059FAV3	TVA PRIN STRIP 0%	0.000	11/01/2025		AA+	Aaa	1,000,000.00	963,716.29	0.57	896,416.05	0.56	3.30
Issuer total							1,000,000.00	963,716.29	0.57	896,416.05	0.56	3.30
Toyota Auto Receivables 2019-D Owner Trust												
89233MAE3	TOYOTA AUTO	1.990	02/18/2025		AAA	Aaa	891,000.00	890,804.07	0.53	880,051.48	0.55	0.82
Issuer total							891,000.00	890,804.07	0.53	880,051.48	0.55	0.82
Microsoft Corp												
594918BJ2	MICROSOFT CORP 3.125%	3.125	11/03/2025	08/03/2025	AAA	Aaa	750,000.00	822,442.50	0.49	749,408.78	0.47	3.02
Issuer total							750,000.00	822,442.50	0.49	749,408.78	0.47	3.02
Duke Energy Florida LLC												
26444HAC5	DUKE ENERGY FLORIDA	3.200	01/15/2027	10/15/2026	A	A1	760,000.00	789,845.20	0.47	741,472.67	0.47	4.04
Issuer total							760,000.00	789,845.20	0.47	741,472.67	0.47	4.04
AbbVie Inc												
00287YAQ2	ABBVIE INC 3.6%	3.600	05/14/2025	02/14/2025	BBB+	Baa2	750,000.00	832,395.00	0.49	737,803.55	0.46	2.59
Issuer total							750,000.00	832,395.00	0.49	737,803.55	0.46	2.59

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
MidAmerican Energy Co												
595620AK1	MIDAMERICAN ENERGY CO	3.700	09/15/2023	06/15/2023	A+	Aa2	730,000.00	767,930.80	0.45	730,341.50	0.46	1.06
Issuer total							730,000.00	767,930.80	0.45	730,341.50	0.46	1.06
Unilever Capital Corp												
904764AY3	UNILEVER CAPITAL CORP	2.900	05/05/2027	02/05/2027	A+	A1	750,000.00	833,227.50	0.49	720,676.34	0.45	4.38
Issuer total							750,000.00	833,227.50	0.49	720,676.34	0.45	4.38
Berkshire Hathaway Finance Corp												
084664CZ2	BERKSHIRE HATHAWAY	2.300	03/15/2027	02/15/2027	AA	Aa2	750,000.00	744,075.00	0.44	708,410.92	0.45	4.35
Issuer total							750,000.00	744,075.00	0.44	708,410.92	0.45	4.35
Mercedes-Benz Auto Receivables Trust 2021-1												
58772WAC7	MERCEDES-BENZ AUTO	0.460	06/15/2026		AAA	Aaa	720,000.00	719,905.82	0.43	689,763.96	0.43	1.37
Issuer total							720,000.00	719,905.82	0.43	689,763.96	0.43	1.37
World Omni Auto Receivables Trust 2019-C												
98162RAD0	WORLD OMNI AUTO	1.960	12/16/2024		AAA	NR	660,185.62	660,135.90	0.39	658,010.57	0.41	0.39
Issuer total							660,185.62	660,135.90	0.39	658,010.57	0.41	0.39
Government National Mortgage Association												
38382E5P8	GOVERNMENT NATIONAL	1.000	05/20/2035		AA+	Aaa	673,785.62	681,997.39	0.40	626,965.20	0.39	2.76
Issuer total							673,785.62	681,997.39	0.40	626,965.20	0.39	2.76
Citigroup Inc												
172967NA5	CITIGROUP INC 1.462%	1.462	06/09/2027	06/09/2026	BBB+	A3	700,000.00	684,173.00	0.40	618,863.91	0.39	3.75
Issuer total							700,000.00	684,173.00	0.40	618,863.91	0.39	3.75

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
CNH Equipment Trust 2022-A												
12660DAC1	CNH EQUIPMENT TRUST	2.940	07/15/2027		AAA	NR	623,000.00	622,953.96	0.37	610,416.96	0.38	2.34
Issuer total							623,000.00	622,953.96	0.37	610,416.96	0.38	2.34
Home Depot Inc/The												
437076BK7	HOME DEPOT INC 3.35%	3.350	09/15/2025	06/15/2025	A	A2	590,000.00	646,297.80	0.38	585,747.02	0.37	2.89
Issuer total							590,000.00	646,297.80	0.38	585,747.02	0.37	2.89
Paramount Global												
92556HAA5	PARAMOUNT GLOBAL	4.750	05/15/2025	04/15/2025	BBB	Baa2	563,000.00	649,899.05	0.38	568,223.18	0.36	2.61
Issuer total							563,000.00	649,899.05	0.38	568,223.18	0.36	2.61
Hyundai Auto Receivables Trust 2021-A												
44933LAC7	HYUNDAI AUTO	0.380	09/15/2025		AAA	NR	538,000.00	537,943.40	0.32	519,623.27	0.33	1.04
Issuer total							538,000.00	537,943.40	0.32	519,623.27	0.33	1.04
Anheuser-Busch Cos LLC / Anheuser-Busch InBev Worldwide												
03522AAG5	ANHEUSER-BUSCH	3.650	02/01/2026	11/01/2025	BBB+	Baa1	500,000.00	562,255.00	0.33	491,870.08	0.31	3.19
Issuer total							500,000.00	562,255.00	0.33	491,870.08	0.31	3.19
John Deere Owner Trust 2022												
47787JAC2	JOHN DEERE OWNER	2.320	09/16/2026		NR	Aaa	475,000.00	474,894.93	0.28	462,518.05	0.29	1.99
Issuer total							475,000.00	474,894.93	0.28	462,518.05	0.29	1.99
CNH Equipment Trust 2021-C												
12598LAB2	CNH EQUIPMENT TRUST	0.330	01/15/2025		AAA	Aaa	348,449.64	348,423.82	0.21	343,134.21	0.22	0.42
Issuer total							348,449.64	348,423.82	0.21	343,134.21	0.22	0.42

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of June 30, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Florida Power & Light Co												
341081FZ5	FLORIDA POWER & LIGHT	2.850	04/01/2025	03/01/2025	A+	Aa2	347,000.00	346,646.06	0.21	340,669.48	0.21	2.57
Issuer total							347,000.00	346,646.06	0.21	340,669.48	0.21	2.57
CNH Equipment Trust 2019-B												
12596TAC5	CNH EQUIPMENT TRUST	2.520	08/15/2024		AAA	NR	271,088.94	273,884.54	0.16	270,844.31	0.17	0.38
Issuer total							271,088.94	273,884.54	0.16	270,844.31	0.17	0.38
BA Credit Card Trust												
05522RDE5	BANK OF AMERICA CREDIT	3.530	11/15/2027		NR	Aaa	164,000.00	163,989.77	0.10	164,028.54	0.10	2.77
Issuer total							164,000.00	163,989.77	0.10	164,028.54	0.10	2.77
Grand total							165,390,290.48	169,011,803.26	100.00	158,966,383.27	100.00	2.56

Appendix

Biographies



Jason Celente, CFA, CTP, Senior Portfolio Manager

Jason joined Insight in 1997 (via predecessor company, Cutwater Asset Management). He is a senior portfolio manager overseeing short duration and customized investment strategies for Insight's public sector group. Prior to this, Jason was an investment accountant for Cutwater's asset-liability portfolios and short-term mutual funds. He has a BS degree from Colgate University and an MBA from the Stern School of Business at New York University. Jason holds Series 7 and 63 licenses from the Financial Industry Regulatory Authority (FINRA), is a CFA charterholder and holds the Certified Treasury Professional (CTP) designation from the Association for Financial Professionals.



David Witthohn, CFA, CIPM, Senior Portfolio Specialist

David joined Insight in 1997 (via predecessor company, Cutwater Asset Management) and has worked in the financial services industry since 1982. David's areas of expertise include portfolio management and statistical performance review. He has extensive years of experience in working with public entities on their investment portfolios and has additional experience in the areas of institutional mutual funds and bank portfolio management. He speaks frequently in the US on public funds asset management and is active in many public finance associations across the US. David holds a BA in Business Economics from the University of Pittsburgh and a Master of Science (MSF) in Finance from the University of Colorado. He is a CFA charterholder and also has the Certification for Investment Performance Measurement™ (CIPM).



Mary Donovan, CFA, Senior Portfolio Manager

Mary joined Insight in 1991 (via predecessor company, Cutwater Asset Management). She is a senior portfolio manager and has worked in the financial services industry since 1989. Mary has responsibilities for the public sector group strategy. Additionally, she monitors the credit markets and economic conditions daily to develop active portfolio management strategies consistent with each client's investment objectives and cash flow needs. Her areas of expertise include US Treasury and high-grade corporate securities and bond swap analytics. Mary is a past president of the Colorado Treasury Management Association. She speaks regularly in the US on public funds asset management and is active in many US public finance associations. She holds a BS degree from the University of Colorado and is a CFA charterholder.

Biographies



Robert Bayston, CFA, Head of US Government and Mortgage Portfolios

Robert joined Insight in September 2021 following the transition of Mellon Investments' fixed income strategies to Insight. He has been in the investment industry since 1991. Robert is the Head of US Government and Mortgage Portfolios for fixed income. He is responsible for managing portfolios which focus on US interest rates and inflation strategies. In addition to his portfolio management responsibilities, Robert manages an investment team with similar mandates and oversees the US agency MBS research effort. Prior to his current role, he held several positions in fixed income research and trading. Robert received a BS from the University of Virginia's McIntire School of Commerce and an MS in Finance from Boston College. He is a CFA charterholder and is a member of the CFA Institute and the CFA Society Boston.



Jenna Rivers, Head of Client Service, North America

Jenna joined Insight in June 2018 as Head of Client Service for the North America region responsible for the oversight of client service support provided to the firm's relationship management function. Prior to joining Insight, Jenna spent eight years at Schroder Investment Management North America Inc., as Head of Client Account Management, responsible for managing the client service team which covered US and Canadian institutional clients. Jenna started her career in financial services in 2007 at AG Morgan Financial as a financial advisor to high net worth individuals. Jenna graduated from Michigan State University with a BA in Finance. She also holds Series 6 and 63 licenses from the Financial Industry Regulatory Authority (FINRA) and is a NEC Canadian Registered Representative.



Natalie Romanenko, Senior Client Service Specialist

Natalie joined Insight's Client Service Team in May 2021 and works directly with the client directors and investment teams to support the delivery of exemplary service to a range of North American clients consisting of pension funds, insurance companies, financial institutions and other corporate investors. Prior to Insight, Natalie was a Vice President, Investor Relations at Golub Capital Management where she established and managed an investor relations function. She has also held a client service role at Newton Investment Management. Natalie started her career in financial services at Morgan Stanley Investment Management, where she spent 15 years, latterly as a Vice President, Client Account Manager. Natalie graduated from Pace University, with a BBA in Accounting.



Important disclosures

Important disclosures

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Assets under management (AUM) represented by the value of the client's assets or liabilities Insight is asked to manage. These will primarily be the mark-to-market value of securities managed on behalf of clients, including collateral if applicable. Where a client mandate requires Insight to manage some or all of a client's liabilities (e.g. LDI strategies), AUM will be equal to the value of the client specific liability benchmark and/or the notional value of other risk exposure through the use of derivatives. Regulatory assets under management without exposures can be provided upon request. Unless otherwise specified, the performance shown herein is that of Insight Investment (for Global Investment Performance Standards (GIPS), the 'firm') and not specifically of Insight North America. A copy of the GIPS composite disclosure page is available upon request.

Past performance is not a guide to future performance, which will vary. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes). Future returns are not guaranteed and a loss of principal may occur. All performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios that they manage and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV. A full description of INA's advisory fees are described in Part 2A of Form ADV available from INA at www.adviserinfo.sec.gov.

Targeted returns intend to demonstrate that the strategy is managed in such a manner as to seek to achieve the target return over a normal market cycle based on what Insight has observed in the market, generally, over the course of an investment cycle. In no circumstances should the targeted returns be regarded as a representation, warranty or prediction that the specific deal will reflect any particular performance or that it will achieve or is likely to achieve any particular result or that investors will be able to avoid losses, including total losses of their investment.

The information shown is derived from a representative account deemed to appropriately represent the management styles herein. Each investor's portfolio is individually managed and may vary from the information shown. The mention of a specific security is not a recommendation to buy or sell such security. The specific securities identified are not representative of all the securities purchased, sold or recommended for advisory clients. It should not be assumed that an investment in the securities identified will be profitable. Actual holdings will vary for each client and there is no guarantee that a

particular client's account will hold any or all of the securities listed.

The quoted benchmarks within this presentation do not reflect deductions for fees, expenses or taxes. These benchmarks are unmanaged and cannot be purchased directly by investors. Benchmark performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. There may be material factors relevant to any such comparison such as differences in volatility, and regulatory and legal restrictions between the indices shown and the strategy.

Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved.

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

Information herein may contain, include or is based upon forward-looking statements within the meaning of the federal securities laws, specifically Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include all statements, other than statements of historical fact, that address future activities, events or developments, including without limitation, business or investment strategy or measures to implement strategy, competitive strengths, goals expansion and growth of our business, plans, prospects and references to future or success. You can identify these statements by the fact that they do not relate strictly to historical or current facts. Words such as 'anticipate,' 'estimate,' 'expect,' 'project,' 'intend,' 'plan,' 'believe,' and other similar words are intended to identify these forward-looking statements. Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining our actual future results or outcomes. Consequently, no forward-looking statement can be guaranteed. Our actual results or outcomes may vary materially. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Insight and BNY Mellon Securities Corporation (BNYMSC) are subsidiaries of BNY Mellon. BNYMSC is a registered broker and FINRA member. BNY Mellon is the corporate brand of the Bank of New York Mellon Corporation and may also be used as a generic term to reference the Corporation as a whole or its various subsidiaries generally. Products and services may be provided under various brand names and in various countries by subsidiaries, affiliates and joint ventures of the Bank of New York Mellon Corporation where authorized and regulated as required within each jurisdiction. Unless you are notified to the contrary, the products and services mentioned are not insured by the FDIC (or by any government entity) and are not guaranteed by or obligations of the Bank of New York Mellon Corporation or any of its affiliates. The Bank of New York Mellon Corporation assumes no responsibility for the accuracy or completeness of the above data and disclaims all expressed or implied warranties in connection there with. Personnel of certain of our BNY Mellon affiliates may act as: (i) registered representatives of BNYMSC (in its capacity as a registered broker-dealer) to offer securities, (ii) officers of the Bank of New York Mellon (a New York chartered bank) to offer bank-maintained collective investment funds and (iii) associated persons of BNYMSC (in its capacity as a registered investment adviser) to offer separately managed accounts managed by BNY Mellon Investment Management firms.

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August 31, 2022

Mr. Jeff Rogers
Finance Director
City and Borough of Juneau

Dear Jeff,

Insight has reviewed the Investment Policy for the City and Borough of Juneau and we are pleased to bring forward recommended updates for your consideration. Attached for your review are redlined and accepted versions of the policy which reflect the following strategic recommendations as well as certain changes which clarify policy guidelines.

- **General Objectives:** Sustainability has been added as an investment objective. Reference is made to CBJ Resolution 2755 and flexibility is provided for staff to direct sustainability initiatives as community preferences evolve. Considerations include applicability of this objective to the Working Capital and Long-Term investment programs.
- **Authorized Investments:** Proposed language allows for the purchase of municipal debt rated AA- or better and triple-A rated securities issued by supranational agencies, with exposure to each limited to 10 percent of the portfolio. The updates would allow for participation in these asset classes, potentially increasing portfolio diversification and return.
- **Intermediate-Term Portfolio Management – Diversification:** Excepting certain asset classes, recommended exposure to any one issuer is limited to 3 percent of the portfolio from 5 percent to maintain a high level of diversification.
- **Intermediate-Term Portfolio Management – Sector Allocations:** Proposed language restricts triple-B rated securities to 10 percent of the portfolio versus the current limit of 20 percent of the corporate bond holdings. The change increases potential exposure from 8 percent of the portfolio, remains below the benchmark exposure of 12 percent, and is more manageable for portfolio compliance and monitoring.

We appreciate the opportunity to work with you on the policy updates and are available to discuss the recommended changes at your convenience.

Best regards,

Jason Celente, CFA, CTP
Senior Portfolio Manager

City and Borough of Juneau Investment Policy

June 3, 2019

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I. Scope of Authority

In accordance with the Charter and the Codes of the City and Borough of Juneau (CBJ), authority for collection, custody and disbursement of all moneys from whatever sources is the responsibility of the Finance Director (CBJ 57.05.040). The Finance Director, with the support of the Treasurer, is responsible for the management of the investment portfolio, the funds needed for annual operations and unexpended bond proceeds, and the day to day accounting and financial reporting of the Central Treasury functions.

In making investments, the Finance Director and Treasurer shall exercise the judgment and care under the circumstances then prevailing which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of investments under the investment objectives of these investment policies and the CBJ codes. (CBJ 57.25.018)

The Finance Director and Treasurer will monitor the performance and activities of external portfolio managers to insure compliance with the then prevailing policy and code restrictions and to insure a net benefit to the CBJ.

II. Scope of Policy

This policy applies to investments specified in CBJ code section 57.25.015. Should bond covenants be more restrictive than this policy, applicable funds shall be invested in full compliance with those restrictions. The Finance Director and Treasurer will identify and communicate to external investment managers any funds affected by bond covenants that are more restrictive than this policy.

Commented [CJ1]: To ensure that a bond covenant does not supersede the investment for all Central Treasury funds

III. General Objectives

The investment of the Central Treasury is directed to the objectives of safety, liquidity, and return, and sustainability. The Working Capital and Intermediate-Term Portfolio (ITP) will be invested with the objectives of safeguarding principal and providing liquidity, with a commensurate investment return. The Long-Term Portfolio (LTP) will be invested according to a total return philosophy. In combination, the following objectives will be met:

1. **Safety** of the nominal value of assets. Investments shall be undertaken in a manner

1

City and Borough of Juneau Investment Policy
June 3, 2019

that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

2. **Liquidity** to meet cash flow needs. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets to meet unanticipated demands (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds, ETFs, or local government investment pools which offer same-day liquidity for short-term funds.
3. **Return** on investments that is commensurate with the time horizons of the assets, ~~leading to a higher level of distributable earnings~~, over a full market cycle. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following as possible exceptions:

- A security with declining credit may be sold early to minimize the loss of principal.
- A security swap would improve the quality, yield, or target duration of the portfolio.
- Liquidity needs of the portfolio require that the security be sold early.

4. Sustainability, where each investment decision, when possible and appropriate, considers environmental, social, and governance factors, and is consistent with the principles outlined in CBJ Resolution 2755. The Finance Director and Treasurer may direct investment decisions to further promote these principles on sustainability, and as the prior objectives of safety, liquidity, and return permit.

Commented [CJ2]: Thinking here is that it creates an avenue to do more when required through the use of "side letters".

IV. Standards of Care ~~Prudence~~

The standard of ~~prudence~~care to be used by investment officials shall be the "Uniform Prudent Investor Act" standard and shall be applied in the context of managing an overall portfolio. Investment officials acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidation and sale of securities are carried out in accordance with the terms of this policy.

Ethics and Conflicts of Interest

Investment officials will recognize that the investment portfolio is subject to public review and evaluation. The overall program will be designed and managed with a degree of professionalism that is worthy of the public trust.

Officers and employees involved in the investment process shall comply with CBJ Code 01.45 Conflict of Interest and shall refrain from personal business activity that may conflict with the proper execution of the investment program, or may impair their ability to make impartial investment decisions. Investment officials shall disclose to the Finance Director any material financial interests in financial institutions that ~~conduct business with CBJ~~conduct business with CBJ, and they will further disclose any personal financial or investment positions that could be related to the performance of CBJ portfolios, particularly

with regard to the timing of purchases and sales.

Delegation of Authority

Authority to manage the investment program is granted to the Finance Director, and derived from the following: CBJ Code Section 57.05.040. The Finance Director shall act in accordance with this investment policy for the operation of the investment. No person may engage in an investment transaction except as provided under the terms of this policy. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and external investment managers.

V. External Investment Managers

Selection of an External Investment Manager

To achieve the investment objectives, the Finance Director may employ external investment managers to invest assets. External managers will be considered for those assignments where they contribute additional expertise, and when the additional expense of external management is justified.

External investment managers must meet the following minimum criteria:

1. Be a bank, insurance company, independent investment counselor, SEC registered mutual fund, or investment adviser as defined by the Registered Investment Advisers Act of 1940.
- 4.2. Clearly articulate the investment strategy that will be followed, provide historical performance associated with the strategy, and document that the strategy is consistent with the guidelines in this Investment Policy Statement.
- 2.3. Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
- 3.4. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
- 4.5. Have no past or pending regulatory enforcement, civil or criminal actions or judgments that may reflect negatively upon the firm's professional conduct and ability to perform.
- 5.6. Demonstrate the absence of conflict of interest.
- 6.7. Offer a competitive fee structure.

Duties and Responsibilities of an External Investment Manager

The following duties and responsibilities shall be included as mandatory terms of all contracts with third party investment managers:

1. Manage the assets under its care, custody and/or control in accordance with the objectives and guidelines set forth herein and also expressed in separate written agreements when deviation is deemed prudent and desirable by the Finance Director.
2. Exercise investment discretion within the objectives and guidelines set forth herein.
3. Provide the following regular reports to the Finance Director and Treasurer. 1) Provide monthly reports of the holdings and transactions, and the total return achieved. 2)

Provide semi-annual reports that provide additional detail on the investment strategy and outlook, and performance attribution for the prior period. Semi-annual reports must state whether the portfolio is in compliance with the guidelines, and note the steps being taken to correct any failures to comply. Semi-annual reports should be provided within 30 days of quarter end. 3) Provide fiscal year end reports consistent with CBJ's professional standards (GAAP and GASB.)

4. Promptly inform the Finance Director in writing of all significant and/or material matters and changes within the investment management firm pertaining to the investment of Central Treasury assets, including, but not limited to:
 - a. Investment strategy
 - b. Portfolio structure
 - c. Tactical approaches
 - d. Ownership & CBJ account principals
 - e. Financial condition
 - f. Recommendations for guideline changes
 - f. All legal, SEC, and other regulatory agency proceedings relating to the firm's business and/or investment operations, activities or conduct.
5. Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced, investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like investment programs with like aims in accordance and compliance with all applicable laws, rules and regulations from local, state, federal and international political entities as it pertains to fiduciary duties and responsibilities.
6. Adopt a brokerage policy that reasonably ensures that all transactions effected for the Central Treasury are subject to the best price and execution.
7. Acknowledge and agree in writing to their fiduciary responsibility to fully comply with the ~~entire~~ Investment Policy Statement set forth herein, where applicable to the assets being managed and as modified ~~in the future~~ in the future.

Commented [CJ3]: So that your external manager isn't held responsible for the investments out of their control

V-VI. Safe Keeping and Custody of Investments

The Finance Director shall enter into agreements with one or more financial institutions to provide custodial safekeeping services for Central Treasury investments and or pledged collateral. All investments purchased, or the required collateral to secure investments purchased, shall be held directly by the Central Treasury, by the ~~third party~~third party custodial institution, or insured directly by the Federal Government. Where the holding of the investment directly by the Central Treasury or the third party custodial institution is impractical or impossible, the collateral will be pledged as security for the investment. The exception to this requirement will be investments in the Alaska Municipal League Investment Pool (AMLIP), in mutual funds, or in exchange-traded funds (ETFs).
~~AMLIP investment will be held by a third party institution retained by the Investment Pool's manager and board.~~

The third party custodial safekeeping agreement shall include statements of authority from the Finance Director, details as to responsibilities of each party, notification of security purchases, sales, delivery, repurchase agreements, wire transfers, safekeeping and transaction costs, procedures in case of wire failures or other unforeseen mishaps and the liability of each party.

All trades where applicable will be executed by delivery vs. payment (DVP). This ensures that securities are deposited in the third party custodial institution simultaneously with the release of funds. Securities held by the third party custodian are evidenced by safekeeping receipts and monthly activity reports.

VI.VII. Authorized Investments

Funds may be invested only in the following instruments:

1. Obligations of, or obligations insured or guaranteed by, the United States or agencies or instrumentalities of the United States;
2. Commercial paper issued by corporations or businesses and rated at least A1/P1 by a nationally recognized statistical rating organization (NRSRO), and collateralized commercial paper with no time limit;
3. Negotiable certificates of deposit issued by rated banks;
4. Repurchase agreements secured by obligations insured or guaranteed by the United States, or agencies or instrumentalities of the United States;
5. Bank obligations insured by the appropriate federal insurance agency, including non-negotiable certificates of deposit secured as provided in Section 57.25.030;
6. Custodial money market and other mutual funds so long as the nature of the fund is generally consistent with all other provisions of this section of the code;
7. U.S. dollar denominated corporate bonds and rated investment grade or higher by a nationally-recognized-rating-agency~~NRSRO~~ at the time of purchase;
8. Mortgage-backed securities and collateralized mortgage obligations (CMOs) ~~issued~~ and insured or guaranteed by the United States or agencies or instrumentalities of the United States;
9. Asset-backed securities that are publicly traded and rated AAA by a NRSRO at the time of purchase;
10. Domestic Fixed Income Mutual Fund or ETF: Securities issued in the United States matching security types, quality and maturity ranges contained in the Bloomberg Barclays Aggregate Index;
11. Domestic Equity Mutual Fund or ETF: Common and preferred stock issued by companies domiciled in the United States, and traded on a domestic stock exchange, or traded through the National Association of Securities Dealers Automated Quotation (NASDAQ) system;
12. International Equity Mutual Fund or ETF: Common and preferred stock issued by companies domiciled outside the United States, primarily in developed countries, as defined by the Financial Times Stock Exchange;
13. Loans to specified funds of the City and Borough for the purpose of capital acquisition, made as provided in Section 57.05.045;
14. An investment pool for public entities authorized by AS 37.23;
15. Taxable and or tax exempt municipal debt rated AA- or better by at least one NRSRO;
- 14-16. Debt issued by supranational agencies rated AAA by at least one NRSRO;
- 15-17. Other investment types or asset classes as provided in this Investment Policy and consistent with all other provisions of the CBJ code.

VII.VIII. Investment Parameters

The following general guidelines apply to all portfolios. Any mutual funds or other commingled vehicles utilized will be reviewed to determine that their governing instruments are substantially consistent with the following guidelines.

A. General Guidelines

- All guidelines are considered at the time of purchase. The sale of a security is not automatically required due to a subsequent change in circumstance.
- Holdings of individual securities shall be large enough for easy liquidation.
- Each portfolio will be diversified with regard to specific issuer, industry, and economic sector, in order to reduce risk. The LTP will be further diversified by type of security (fixed income and equity).
- Securities may be sold at a loss from any portfolio, if such an action is deemed to be consistent with the overall portfolio investment objectives.
- Commingled investment vehicles, such as mutual funds and ETFs, are permissible if the fund is managed in a manner consistent with this policy.

B. Analysis of Cash Flow to Determine Investable Funds

The cash flow forecast will be updated at least annually and reviewed monthly to determine funds available for investment. Investable funds are determined by analyzing known and projected cash sources and uses of funds for the next month. Sources analyzed include major projected receipts of property tax, sales tax, state grants, and future investment maturities. Uses of cash analyzed include current and projected accounts payable, payroll and payroll taxes, capital project outlays, debt service coverage, and other payments expected to exceed \$100,000. Projected inflows and outflows are included for City and Borough general accounts, Bartlett Regional Hospital, and the Juneau School District.

Because a review of the cash flows and daily balances of the Central Treasury has revealed that a portion of the assets remain in the Central Treasury for periods of time significantly longer than one year, the Central Treasury may prudently invest a portion of its assets in longer-term securities. Assets will be added to the appropriate Portfolio based on duration/average maturity and liquidity, as outlined below.

C. CBJ Portfolios

- **Working Capital Portfolio** The Working Capital Portfolio shall be the portion of the total investment portfolio that is managed for short-term liquidity, typically with an average maturity of 1 to 270 days. The funds in this portfolio are generally expected to be used within a 12-month period. The Working Capital Portfolio is intended to provide same-day liquidity for immediate cash needs. In addition to providing liquidity, the objective of the Working Capital Portfolio is to preserve principal and generate current income by investing in high-quality, short-term instruments as defined in the "Authorized Investments" section of this policy and code 57.25.020.
Current Benchmark: *Bloomberg Barclays 1-3 Month US Treasury Bill Index or other comparable index available*
- **Intermediate-Term Portfolio (ITP)** The Intermediate-Term Portfolio shall have an average maturity of less than five years. Funds in this portfolio are intended for cash flow needs projected in the next 1- 5 years.
Current Benchmark: *Barclays U.S. Government/Credit 1-5 Year Index or other comparable index available*
- **Long-Term Portfolio (LTP)** This portfolio has a long-term investment horizon, and will include long-term CBJ funds and other endowments. To create real growth (inflation proof) and provide for annual spending needs, the LTP assets shall be invested in equity, as well as fixed income securities. Both domestic and international equity

securities are permissible and appropriate to consider. The Finance Director may select commingled funds, registered mutual funds, or ETFs. **Current Benchmark by Asset Class:**

- Domestic Equity: *S&P 500 Index or other comparable index available*
- International Equity: *FTSE Developed All Cap ex US Index or other comparable index available*
- Domestic Fixed Income: *Bloomberg Barclays US Aggregate Float Adjusted Index or other comparable index available*

D. Intermediate-Term Portfolio Management

1. Average Maturity/Duration

The average maturity of the ITP shall not exceed five years, and the duration shall be +/- 10% of the chosen benchmark.

2. Quality

All fixed income securities held in the segment shall be comparable to those held in the respective benchmark used, and have an "investment grade" rating (~~Moody's rating of Baa, or a Standard & Poor's rating of BBB-~~) or better by a NRSRO. Securities with any rating below investment grade at the time of purchase are not permitted. Asset-backed securities with any rating below AAA at the time of purchase are not permitted.

3. Diversification

It is the policy of CBJ to diversify its investment portfolios. To eliminate risk of loss resulting from the overconcentration of assets in a specific maturity, issuer, or class of securities, all investment assets shall be diversified by maturity, issuer, and security type. Diversification strategies shall be determined and revised periodically by the Finance Director.

The exposure ~~of any one of the portfolios~~ to any one issuer shall not exceed ~~5.3 percent~~ of the market value of the portfolio, with the exception of: U.S. Treasury or US Agency securities, the AMLIP, or collateralized ~~investmentsbank deposits.~~

~~Positions in securities having potential default risk (e.g., corporate bonds) shall be limited in size so that in case of default, the portfolio's annual investment income will exceed a loss on a single issuer's securities~~

4. Sector Allocations

- Corporate securities shall constitute no more than 40% of the market value of the portfolio; furthermore, corporate securities ~~with a Moody's rating of 'BBB' by any NRSRO or Baa or a Standard & Poor's rating of BBB~~ shall constitute no more than ~~20~~10% of the ~~corporate bond portfolio~~ holdings.
- Mortgage-backed securities, including CMOs shall constitute no more than 20% of the market value of the portfolio. The aggregate total of mortgage-backed and asset-backed securities should not exceed 25% of the market value of the portfolio.
- Certificates of ~~d~~Deposit shall not exceed 20% of the market value of the portfolio.
- US aAgency ~~s~~Securities shall not exceed 40% of the market value of the portfolio. In addition, callable agency securities are limited to 20% of the market value of the portfolio.

Commented [CJ4]: Largest corporate issuer (JP Morgan) is 0.63% of index. 3% limit implies .06 to .08 spread duration overweight versus benchmark.

Commented [CJ5]: Collateralized "investments" could include ABS, which is not the intent of this rule

Commented [CJ6]: ABS exposures should be limited to 3%

Commented [CJ7]: Index currently owns about 12%; 20% limit gives ability to overweight when warranted

- Municipal securities shall not exceed 10% of the market value of the portfolio.
- Supranational securities shall not exceed 10% of the market value of the portfolio.
- US Treasury Securities may comprise up to 100% of the portfolio.

5. Repurchase Agreements

The Central Treasury may invest in repurchase agreements per the requirements set forth in the CBJ 57.25.020(6). The Central Treasury will have an executed Master Repurchase Agreement on file for each firm conducting repurchase agreements with the Central Treasury prior to entering into repurchase agreements. The use of repurchase agreements will be consistent with GFOA "Recommended Practices on Repurchase Agreements". All repurchase agreements will be collateralized at a minimum of 102% of market value of principal and interest.

6. Prohibitions

- Short-selling, derivative transactions (Agency CMOs are permitted) and any leveraging transaction other than the reinvestment of expected cash flows.
- Interest-Only (IO), Principal-Only (PO) and residual tranche CMOs.

Commented [CJ8]: Removes a few gray areas

E. Portfolio Management for the Long Term Portfolio (LTP)

1. Eligible Securities

a. Domestic Equity

The domestic equity allocation will be invested in an indexed mutual fund or ETF, managed to the S&P 500 Index. All ~~the~~ stocks in the benchmark are permissible investments. Cash should be kept to a minimum.

b. International Equity

The international equity allocation will be invested in an index ~~ed~~ mutual fund, managed to the *FTSE Developed All Cap ex US Index*. All ~~securities-stocks~~ in the benchmark are permissible investments. Cash should be kept to a minimum.

c. Domestic Fixed Income

The objective of this investment is to gain exposure to US investment-grade bonds, including both corporate and government bonds of all maturities. The domestic fixed income allocation will be invested in an index mutual fund or ETF, managed to the Bloomberg Barclays US Aggregate Float Adjusted Index.

2. ~~Maturity, Duration, Sector Allocation and Credit Quality~~

~~Maturity, duration, sector allocation, and credit quality of the Domestic Fixed Income allocation are to be managed to reproduce the same risks as the Bloomberg Barclays US Aggregate Float Adjusted Index.~~

Commented [CJ9]: This isn't needed if the only permitted fixed income allocation is a passive index fund

3.2. Asset Allocation

The strategic asset allocation of the Long portfolio shall be:

Broad Domestic Equity	30% ± 4%
International Equity	19% ± 3%
Domestic Fixed	51% ± 7%

~~The policy establishes for each asset class the target allocation, and a band around that target.~~ The strategic asset allocation is expected to produce a median real return of 3.5% +plus the annual rate of inflation annualized over a 5-year period.

4.3. Portfolio Rebalancing

The current asset allocation of the Funds will deviate from the strategic asset allocation target due to differences in market returns between the stock and bond markets. The current allocation will be evaluated quarterly and a rebalancing program will be initiated when the current allocation is no longer within the target range. Contributions or withdrawals will be directed in a manner that moves the current allocation closer to the strategic allocation. Rebalancing will be done at minimum, once each year to bring assets closer to their desired levels. Rebalancing may also take place quarterly and when funds are withdrawn.

5.4. Use of Commingled Funds

The Finance Director shall evaluate the use of commingled funds for the LTP. Commingled funds include registered mutual funds, unregistered institutional trusts and ETFs. Commingled funds will be considered when the total costs are lower than for a separately managed account.

When using commingled funds, the Finance Director shall review the prospectus and other written material about the fund to ensure that the management is ~~essentially~~ consistent with the guidelines set forth in this policy.

6.5. Total Investments

It is expected that the long portfolio will consist of endowment funds and some long-term CBJ funds. Total CBJ funds invested are not to exceed \$5 million plus appreciation.

VIII.IX. Performance Reporting

The Finance Department will prepare, on a calendar quarter basis, financial reports which will be posted to the CBJ website.

On a quarterly basis, the Finance Director will review:

- The investment manager's adherence to the security and portfolio guidelines and the duties and responsibilities of money managers;
- Material changes in the investment manager's organization, investment philosophy and/or personnel; and,

- Comparisons of the investment manager's results to appropriate benchmarks;
- The return on the total LTP shall be compared to a composite benchmark consisting of each benchmark applied by the portfolio investment allocation.

X. Internal CBJ Investment Transactions

A. Authorized Financial ~~Dealers and Institutions~~ Dealers and Institutions

A list of five approved security broker/dealers will be maintained for transactions initiated by authorized CBJ staff. To be selected as a security broker/dealer the firm must be a primary dealer (as provided by the Federal Reserve Bank of New York) or have at minimum capital of \$10,000,000 and in operation for at least the past five consecutive years.

All broker/dealers who are not primary dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate.

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of Alaska state registration
- Completed City and Borough of Juneau broker/dealer application form

Primary dealers will only be required to submit the completed City and Borough of Juneau broker/dealer application form.

A review of the financial condition and registration of the qualified bidders listing will be conducted by the Finance Director annually. The Finance Director may require additional information to confirm the financial ability of any firm wishing to do business with CBJ as a broker/dealer. Financial compliance files will be maintained by the Finance Department on all approved broker/dealers.

In addition to direct broker/dealer transactions, the internally managed segment may utilize one or more web-based sites for transactions. Since these sites provide direct transactions with selling brokers, dealers and other institutional traders, care will be taken to insure that there is sufficient transactional security provided by the site and that transaction fees are competitive.

The City and Borough of Juneau may utilize the services of an external investment advisor and may rely on the advisor's list of broker/dealers. The Advisor's list shall be provided to the City on an annual basis or when updated.

A.B. Investment Placement and Internal Control

The following tasks outline the required procedures necessary to properly determine and place appropriate Central Treasury Investments.

Selection of Investment Vehicle

After determining investable funds the investment analysis will include a review of interest rate trends, the yield curve analysis, existing portfolio mix and alternative investment instruments. Once the approximate maturity date range and investment vehicle are selected, bids will be solicited from authorized brokers.

Competitive Pricing on Investment Purchases

Competitive pricing shall be obtained on all purchases. For new issue securities ~~offered at par~~, Treasury may contact one broker for this purchase. Care will be exercised to ensure that purchases are made from multiple brokers and no one broker is favored. For investment purchases of up to three

Commented [CJ10]: Not all new issues are offered at PAR

million ($\leq \$3,000,000$), three quotes will be solicited or use of independent financial pricing sources will be made to ensure that "best" execution has been obtained. For investment purchases in excess of three million ($> \$3,000,000$), five quotes will be solicited. It is anticipated that no single purchase will exceed four million ($> \$4,000,000$).

When Treasury solicits bids for a block dollar amount containing multiple trades, a minimum of five brokers will be solicited. Bids will be solicited on a systematic rotation method that will, over time, offer reasonable opportunities for bidding to all persons on the qualified active brokers list.

All investment purchases (except AMLIP, repurchase agreements or investments secured by the federal government (i.e.: FDIC or NCUA)) will be made on a delivery vs. payment basis (DVP). Brokers not responding to a bid solicitation within 15 minutes or other specified time period will be considered non-responsive.

Investment Transaction Authority

The following are authorized to execute investment transactions for the CBJ: The Finance Director and Treasurer.

Investment Purchase

When an investment is purchased, an investment transaction file will be created. The file will include all pertinent information regarding the investment purchased, including any bid information, trade ticket, trade confirmation and any documentation received from the broker. Each investment will be entered into an investment system database for monitoring and reporting. Each investment transaction file will be maintained and retained per CBJ's retention schedule.

The custodian shall be notified of the transaction details in a timely manner, either the day prior for regular settlement and two days prior for longer settlements. Notification will be made by fax or other secure electronic means. The custodial bank handles the receipt of the security and the delivery of payment as agreed to in the custodial services contract.

Wire and ACH Transfers - Outgoing

Wire transfers require a written authorization confirming the transfer sent via fax or through a secure electronic bank transfer method.

The following people are authorized to approve outgoing wire and ACH transfers: Finance Director, Treasurer and Deputy Treasurer.

XI. Policy Considerations

A. Accounting for Investments

General Provisions

Investments are recorded at historical cost at time of purchase. Investments are marked to market and recorded monthly. Accrued interest receivable is calculated and recorded monthly.

Central Treasury

CBJ uses a Central Treasury concept to account for investments for all CBJ funds and its component unit, the Juneau School District.

Investment Schedules & Reconciliation

Schedules that provide detail investment support by investment will be maintained for the general Central Treasury portfolio and for all invested funds having specific investment earnings restrictions (arbitrage restrictions). All investment schedules will be updated and balanced to the general ledger and custodial statements monthly by the Treasury Division. These reports will be made available to the Finance Director on request.

Year-End Disclosures

Year-end disclosures included in the CBJ Comprehensive Annual Financial Report (CAFR) will include: investments allowed under CBJ Ordinances, investment carrying amount, risk category (according to current accounting requirements) and market value, as of June 30.

B. Interest Allocation of Central Treasury Earnings

The CBJ Treasurer's office shall record all interest earnings from the general investment portfolio in the general fund as the transactions occur. Interest income will be allocated at least annually. The following operating funds will be allocated interest income based on their cash positions, average monthly cash balance, and the associated general portfolio monthly yield:

- Forfeited ~~a~~Assets, required by ~~f~~Federal ~~r~~Regulations
- Enterprise ~~f~~Funds
- School ~~d~~District ~~a~~Agency ~~f~~Fund
- LID's with external debt
- Grants, as required by state or federal law
- Bond proceeds used for capital projects
- Agency Funds

For IRS ~~Arbitrage-arbitrage~~ reporting purposes, bond proceeds may be segregated and kept in a separate restricted investment portfolio. For each separate restricted investment portfolio the interest allocation will be the actual earnings from the investments in the applicable restricted portfolio.

~~IX:XII.~~ Approval of Investment Policy

The Finance Director can call for a review and update of the CBJ Investment Policy as needed. Changes to the Investment Policy are subject to City Manager authorization. Material policy changes shall be brought to the Assembly Finance Committee by the City Manager for review (57.25.015(2)).

Effective Date: This policy will take effect on date policy is signed.

Dated at Juneau, Alaska, this _____ day of _____, 20~~23~~¹⁹.

Duncan Rorie Watt
City and Borough Manager

Presented by: The Manager
 Introduced: 05/02/2016
 Drafted by: A. G. Mead

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2755

A Resolution Reestablishing the Juneau Commission on Sustainability, and Repealing Resolution 2718.

WHEREAS, the City and Borough of Juneau is committed to a sustainable future that meets today's needs without compromising the ability of future generations to do the same, and that:

- Supports a stable, diverse, and equitable economy;
- Protects the quality of the air, water, land and other natural resources;
- Conserves native vegetation, fish, wildlife habitat, and ecosystems;
- Minimizes human impacts on local and worldwide ecosystems; and
- Minimizes energy usage and the release of greenhouse gases; and

WHEREAS, the CBJ Comprehensive Plan provides that it is the policy of the CBJ to build a sustainable community that endures over generations and that is sufficiently far-seeing and flexible to maintain the vital and robust nature of its economic, social, and environmental support systems; and

WHEREAS, communities throughout the nation, both large and small, have promoted sustainability through focusing on such issues as reducing dependence on fossil fuels; promoting fuel-efficient technologies; investing in the local economy for the long-term; adopting and enforcing land-use policies that reduce sprawl, promote infill, preserve open space, and create compact, walkable urban communities; promoting transportation options such as bicycle trails, incentives for car pooling and public transit; making energy efficiency a priority through building code improvements, retrofitting municipal facilities with energy efficient technologies, and urging employees to conserve energy and save money; practicing and promoting sustainable building practices; increasing the fuel efficiency of municipal fleet vehicles and reducing the number of vehicles; increasing recycling rates in municipal operations and in the community; and educating the public, business, and government about sustainability; and

WHEREAS, by Resolution 2397(b), the CBJ joined the International Council for Local Environmental Initiatives (ICLEI) and committed itself to complete the five milestones of the Cities for Climate Protection Campaign to reduce greenhouse gas and air pollution emissions; and

WHEREAS, the Assembly finds that it is in the public interest to create a panel to research and advise the Assembly on community sustainability, including but not limited to the items listed above; and

WHEREAS, the Juneau Commission on Sustainability has requested that the Assembly revise the Commission's governing legislation to specify that the Planning Commission and Assembly members be non-voting members and not be counted in determining whether a quorum of the Commission is present.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Establishment. There is established a Juneau Commission on Sustainability.

Section 2. Composition. The Commission shall be comprised of nine members appointed by the Assembly, plus one liaison from the Assembly and one from the Planning Commission. The liaisons shall not have the power to vote and shall not be counted in determining whether a quorum of the Commission is present. Commission membership shall reflect environmental, social, economic and governmental perspectives, unified by the common interest of sustainability. Commission members serving three year staggered terms at the time of adoption of this resolution shall serve out their terms.

Section 3. Duration. The Commission shall have an indefinite duration.

Section 4. Public policy and purpose. A sustainable community seeks to advance the economic social, environmental and governmental well-being of the community without compromising the quality of life of future generations. The mission of the CBJ Commission on Sustainability is to promote the economic, social, environmental, and governmental well-being of Juneau and all its inhabitants, now and in the future.

Section 5. Powers and Duties.

1. To coordinate, propose, and promote sustainability initiatives among residents, businesses, government, and non-governmental agencies and educational organizations through education and outreach programs.
2. To make recommendations to the Juneau Assembly and CBJ Boards and Commissions on policies and programs that promote sustainability.
3. To research and apply for grants or other funds or gifts from public or private agencies for the purpose of carrying out any of the provisions or purposes of this resolution.
4. To serve as an advisory group to the CBJ in reducing greenhouse gas emissions to target levels as adopted by the CBJ Assembly.

5. To act as liaison between the public and the CBJ Assembly on sustainability related issues.

Section 6. Staff Liaison. The Manager shall designate a staff liaison to the Commission.

Section 7. Procedure. The Commission shall operate pursuant to the CBJ Advisory Board Rules of Procedure as they may be amended from time to time.

Section 8. Repeal. Resolution 2718 is repealed.

Section 9. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 2nd day of May, 2016.


Kendell D. Koelsch, Mayor

Attest:


for Laurie J. Sica, Municipal Clerk

Presented by:
Presented:
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2022-42 vAFC2 (DRAFT)

**An Ordinance Providing for a Property Tax Abatement Program to
Incentivize the Development of Higher Density Housing.**

WHEREAS, A.S. 29.45.050(m) gives municipalities the option of providing tax exemptions for economic development property and requires a statement that if this ordinance is adopted, it may be repealed by the voters through referendum; and

WHEREAS, the Housing Action Plan and Juneau Economic Development Plan identify tax abatement incentives to encourage development of workforce, senior, and downtown housing; and

WHEREAS, an Assembly goal is to develop more housing in the community, which can be incentivized with a broader tax abatement program.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the City and Borough of Juneau Municipal Code.

Section 2. Amendment of Section. CBJC 69.10.023 Property tax incentives for economic development property, is amended to read:

69.10.023 Property tax incentives for economic development property.

(a) *Purpose.* This section authorizes property tax exemptions for the following on a property that meets the definition of economic development property in A.S. 29.45.050(m):

- (1) Assisted living for senior citizens: At least 15 new residential units on one lot of assisted living for senior citizens. The term residential units includes the assisted living residential units for senior citizens and only those building spaces that are necessary and incidental to the assisted living of senior citizens that qualify for inclusion in the exemption like common space, support space, and shared facilities. A residential unit qualifies for the exemption even if a non-senior citizen resides in the unit with a senior citizen. The property is located entirely within the urban service area as defined by Title 49. An assisted living for senior citizens tax exemption runs with the land for the duration of the exemption so long as all of the tax exempt residential units remain under a single common ownership. The tax abatement terminates on the following January 1 for any residential unit sold, during the prior year, to an individual owner that terminates the common unit ownership.
- (2) Downtown multifamily: At least four new residential units on one lot in the Downtown Juneau Residential Tax Abatement Map, dated January 20, 2021. Such units must not be used as short-term rentals during the property tax abatement period. A downtown multifamily tax exemption runs with the land for the duration of the exemption so long as all of the tax exempt residential units remain under a single common ownership. The tax abatement terminates on the following January 1 for any residential unit sold, during the prior year, to an individual owner that terminates the common unit ownership.

(b) Reserved.

(d) *Application.* An application for an exemption under this section shall be made in writing to the assessor's office prior to issuance of a building permit for the residential units. Applications made after issuance of a building permit for the residential units shall not be accepted, or rejected if accepted. The application shall at a minimum contain the following:

- (1) *Name.* The name of the applicant;
- (2) *Address.* The legal description and street address of the property for which the application is made;
- (3) *New residential units.* Drawings of the residential units that the applicant will construct, including a floor plan that includes approximate square footages;
- (4) *Existing structures.* Drawings showing the square footage of all existing structures and structures to be constructed on the property;
- (5) *Increase in residential units.* Plans showing the construction will increase the total number of residential units on the property;
- (6) *Acknowledgement of liability.* Applicant acknowledges that the residential units will be taxable if and when the residential units are no longer eligible for tax exemption under this section;
- (7) *Economic development property justification.* A narrative describing how the application qualifies as economic development property consistent with A.S. 29.45.050(m);
- (8) *Other information.* Other information as may be required by the assessor; and
- (9) *Application requirements specific to the Downtown Juneau Residential Tax Abatement.* In an application for CBJC 69.10.023(a)(2), the property owner must agree not to rent any new residential units as short term rentals while receiving the tax abatement. A property owner who breaches this provision forfeits the remaining property tax abatement and must reimburse the City and Borough of Juneau for the property tax abatement received since first granted plus interest at the legal maximum rate of interest allowed by state law. If the property owner does not

reimburse the City and Borough within 30 calendar days of notice being mailed or served, a lien shall be recorded against the property with the new residential units.

(e) *Provisional approval.* The assessor shall provisionally approve an application for tax exemption if:

- (1) The applicant submitted a complete application; and
- (2) The applicant acknowledges it must
 - (i) Construct not less than the required residential units in accordance with the plans and drawings submitted with its application; and
 - (ii) Increase the total number of residential units on the property in order to receive final approval under this section.

(f) *Final approval of exemption.* The assessor shall finally approve an application for tax exemption if:

- (1) The applicant has completed construction of residential units in accordance with the plans and drawings submitted with its application and a Certificate of Occupancy has been issued pursuant to Title 19 for each structure that contains a residential unit described in the application; and
- (2) The total number of residential units on the property has increased.

(g) *Magnitude of exemption.* Consistent with this subsection, the total potential exemption shall not reduce the amount of taxes below the amount levied on other property for the school district's required local contribution under A.S. 14.17.410(b)(2). The taxes eligible for exemption under this section are those attributable only to the newly constructed residential units

1
2 exclusive of previously existing residential units (whether remodeled or not), all non-residential
3 improvements, and land. Except as provided by subsection (m), the magnitude of exemption
4 shall be determined on a spatial basis as follows: the square footage of the newly constructed
5 residential units shall be divided by the square footage of all structures on the property, then
6 multiplied by the assessed value of all improvements on the property and by the mill rate
7 applicable to the property.
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10 (h) *Duration of tax exemption.* Tax exemptions approved under this section shall be for a
11 period of 12 consecutive years beginning on January 1 of the first full calendar year after final
12 approval of the application.
13

14 (i) *Recording of exemption.* The assessor shall memorialize the terms of an exemption granted
15 under this section in a memorandum recorded in the Juneau Recording District and kept on file
16 in the assessor's office.
17

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19 (j) *Termination of exemption upon reduction in number of residential units.* An exemption
20 granted under this section shall terminate immediately if and when the number of residential
21 units on the property is less than the number existing at the time of final approval of the
22 application under this section. An exemption granted under this section does not terminate if
23 the property or residential unit is sold and the new owner continues to comply with this section.
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25 (k) *Appeal.* Any decision of the assessor under this section may be appealed to the assembly in
accordance with CBJC 01.50.

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3 (l) *Annual compliance and status report.* Not later than March 31 of each year, the owner of
4 the property for which an exemption has been granted, shall file with the assessor a report with
5 the following information:

6 (1) *Occupancy.* A statement of occupancy and vacancy of the residential units for the
7 prior 12 months;

8 (2) *Residential units remain as described.* A certification that the newly constructed
9 residential units described in the application continue to exist and have not been
10 converted to a non-residential use;

11 (3) *Further changes.* A description of physical changes or other improvements
12 constructed since the last report or, on first report, since the filing of the
13 application; and

14 (4) *Additional information.* Any additional information requested by the assessor.
15

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17 (m) *Late-file penalty.* The failure for the owner to file the annual compliance and status report
18 by March 31 shall result in ten percent reduction of the taxes exempted in the prior year.
19

20 (n) *Definitions.* In this section, the following definitions apply:
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22
23 *Assisted living* means a facility providing housing and institutional care for people unable to
24 live independently or without assistance. Assisted living includes facilities that provide nursing
25 care services.

New residential unit means new construction and a condemned or uninhabitable existing dwelling unit that is renovated to current code for a residential dwelling unit according to CBJC Title 19.

Previously exempt property means real or personal property exempt under CBJC Title 69 in the prior calendar year but taxable in the next calendar year.

Residential unit means a dwelling unit as defined by CBJC 49.80.120 and is either owner-occupied or only leased for periods of at least one month.

Senior citizen means a person who is:

- (1) Sixty-five years or older; or
- (2) At least 60 years of age and the widow or widower of a senior citizen who qualified for an exemption under AS 29.45.030(e) and CBJC 69.10.020(1)(A)(i) and (ii).

Short term rental means a dwelling unit that is rented, leased, or otherwise advertised for occupancy for a period of less than 30 days.

Widow or widower means a person whose spouse has died and who has not remarried.

Section __.Effective Date. This ordinance shall be effective 30 days after its adoption.

Adopted this _____ day of _____, 2022.

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Beth A. Weldon, Mayor

Attest:

Elizabeth J. McEwen, Municipal Clerk

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Presented by: The Manager
Presented: 9/12/2022
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2022-06(b)(P)

An Ordinance Appropriating \$700,000 to the Manager for a Loan to the Gastineau Lodge Apartment; Funding Provided by the Affordable Housing Fund.

WHEREAS, during the 2021 Affordable Housing Fund solicitation, CBJ received a proposal from a private development group for a pre-development loan of \$700K for a 72-unit apartment building in Downtown Juneau; and

WHEREAS, the scoring team (including a banker and a developer) supported a loan to the private development group only if the loan was collateralized; and

WHEREAS, the developer (Gastineau Lodge Apartment, a partnership between Verde Infrastructure Partners, LLC and Douglas Trucano) has proposed that CBJ accept the property as collateral for the loan, it is three separate buildable lots, each about 5,000 sf, for a total of 14,995SF of property that is zoned Mixed Use – the CBJ zoning district with the fewest development restrictions; and

WHEREAS, the assessor has the property valued at \$134,100 and a recently provided appraisal has the property valued at \$795,000. Given these very different values, if we are to accept the land as collateral for a \$700,000 loan, then we need confidence in the appraisal; and

WHEREAS, given the high demand for housing and the potential reward for the community if this housing project is fully developed, the following appropriation terms and conditions are in the best interest of the community;

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BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of seven hundred thousand dollars for a loan to the Gastineau Lodge Apartments.

Section 3. Source of Funds.

Affordable Housing Fund	\$700,000
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Section 4. Loan Purpose and Terms. The Manager is authorized to negotiate a financing agreement with the following essential terms, in addition to other reasonably necessary contractual and financing provisions deemed necessary by the Manager to protect the City & Borough of Juneau:

(a) Intent. Housing, especially workforce housing in downtown Juneau, is in high demand. The purpose of this loan is to provide an injection of capital, secured by liens, to jump start the development of a 72-unit apartment building in downtown Juneau. Given the disparity between the assessed value (\$134,000) and the developer’s appraised valuation (\$795,000) and the risks of pre-construction loans, a phased loan disbursement with benchmarks and private match is reasonable.

(b) Borrower. The developer and borrower is Gastineau Lodge Apartments, represented by Steven Soenksen and Douglas Trucano.

(c) Real Property (“Property”). This appropriation is for a 72-unit apartment building on the following real property:

Lots 12, 13, and 14 in Block 2, Pacific Coast Addition to the Townsite of Juneau, Juneau Recording District, First Judicial District, State of Alaska, as recorded April 22, 1913 in the “Trustee’s Deed Book,” Page 684, in the District Recorder’s Office Juneau, Alaska.

(d) Payment Term. The term of a loan shall not exceed five years.

(e) Interest Rate and Calculation. The balance of a loan shall bear interest at the rate estimated by the finance director to be the average rate the City and Borough of Juneau earned or will earn on its certificates of deposit over the applicable period with interest computed on an annual basis; principal and interest on the balance shall be repaid to the City & Borough of Juneau.

(f) Loan amounts. A total of \$700,000 is available as follows:

(1) Pre-permitting loan. A loan of up to \$350,000 is available for new invoiced expenditures for design, permitting, mobilization and ordering of long-lead retaining wall materials that are reasonably necessary for the 72-unit apartment development.

(2) Post-permitting loan. An additional loan of up to \$350,000 is available—after grading, drainage, and all necessary permits have been received from the City & Borough of Juneau Departments (i.e. Community Development, Engineering & Public Works, etc.) as determined by the City Manager—for fifty percent (50%) of invoiced work that improves the property (i.e. utilities, grading, drainage, retaining walls, etc.); the remaining fifty percent (50%) must be provided by the private developer as match.

(g) Security. The Borrower and real property owner must agree that in exchange for the City & Borough of Juneau proving the loans, the City & Borough of Juneau is authorized to secure

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2 each loan with a lien against the real property. In addition, the Borrower must agree to
3 authorize the City & Borough of Juneau to secure each loan with liens on any materials
4 purchased with the loaned money; the City & Borough of Juneau must release the materials
5 liens either upon the Borrower completing repayment or upon the permanently installing
6 the materials onto or into the Property.

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8 **(h) Additional Loan Terms.** The City Manager may add additional terms consistent with the
9 intent of this ordinance.

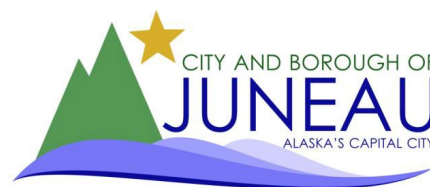
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11 **Section 5. Effective Date.** This ordinance shall be effective 30 days after its adoption.
12 Adopted this _____ day of _____, 2022.

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15 _____
Beth A. Weldon, Mayor

16 Attest:

17 _____
18 Elizabeth J. McEwen, Municipal Clerk
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MEMORANDUM



DATE: September 7, 2022
TO: Assembly Finance Committee
FROM: Jeff Rogers, Finance Director
SUBJECT: **Glory Hall 2022 Property Taxes**

105 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

CBJ's property tax exemption for community purpose non-profit organizations only applies to properties that are being used actively for that purpose. If a non-profit organization owns vacant land or vacant buildings not in use for their community purpose, those property parcels remain taxable.

Such is the case with the Glory Hall in 2022. The Assessor determines exemption eligibility based on the use of a property on January 1 each year. On January 1, 2022, the Glory Hall's former shelter on South Franklin was publicly listed for sale, and by all appearances, it was vacant and unused. As such, the Assessor determined that the building was not being used actively for the Glory Hall's non-profit community purpose, and deemed the parcel taxable.

Glory Hall staff have since confirmed that the building was being *partially* used for its non-profit community purpose on January 1. However, partial use would likely result in a determination that the building was only partially exempt and the majority would remain taxable.

This is a difficult situation. The Assembly significantly supports the sheltering activities of the Glory Hall with grant funds. If the Glory Hall pays this unanticipated CBJ tax burden, they would just be returning granted funds to the grantor, which effectively reduces the amount available for them to spend on their sheltering operations.

Staff recommend that the Glory Hall pay the taxes due on the South Franklin property, and that the Assembly simply grant an equivalent amount of funds to the Glory Hall. Admittedly, this may feel like an obtuse solution, but it is the only practical way to keep the Glory Hall whole. CBJ code prevents full exemption of the building. Property taxes due for 2022 for the Glory Hall building on South Franklin are \$12,253.50.

Staff have drafted an appropriation to this effect, and if so directed by the Assembly Finance Committee, it will be introduced at the next Assembly meeting.

Presented by: The Manager
Introduced: September 12, 2022
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2022-06(b)(R)

An Ordinance Appropriating \$12,253.50 to the Manager for a Grant to The Glory Hall; Funding Provided by General Funds.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Manager the sum of \$12,253.50 for a grant to The Glory Hall.

Section 3. Source of Funds

General Funds	\$12,253.50
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Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this _____ day of _____, 2022.

Beth A. Weldon, Mayor

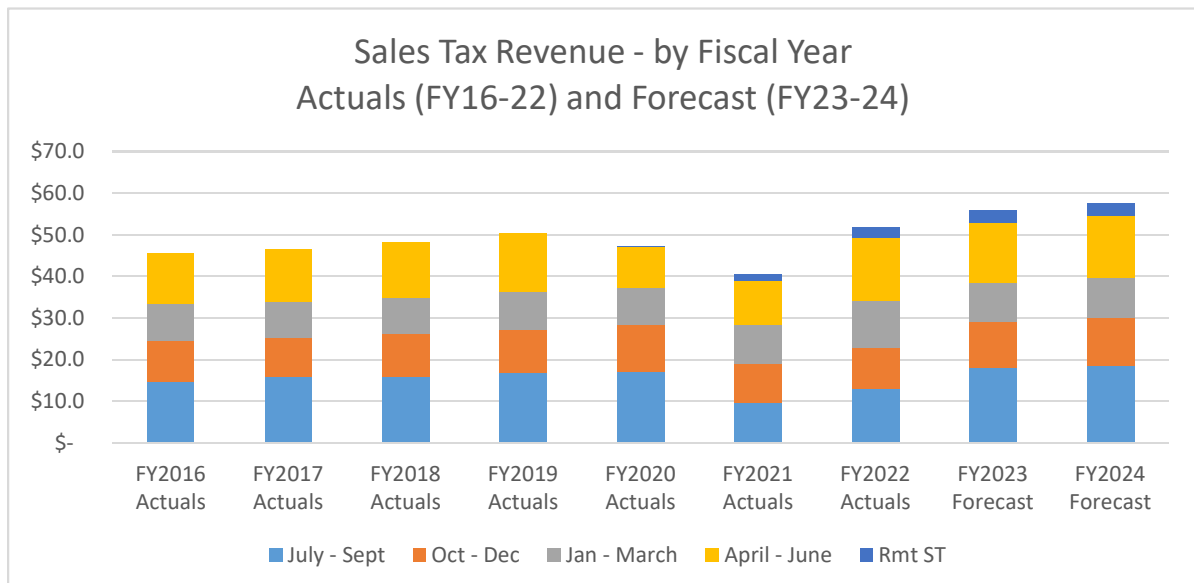
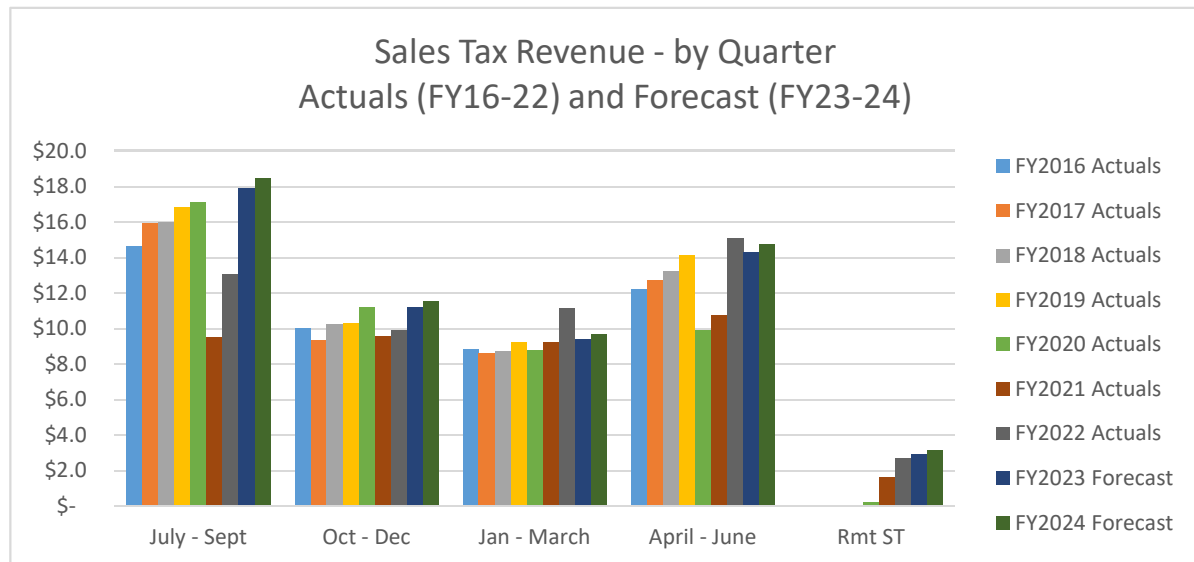
Attest:

Elizabeth A. McEwen, Municipal Clerk

Sales Tax Actuals and Forecast
Updated 9/1/2022

Section D, Item 7.

Sales Tax	Q1 July - Sept	Q2 Oct - Dec	Q3 Jan - March	Q4 April - June	Annual Rmt ST	Total
FY2016 Actuals	\$ 14.6	\$ 10.0	\$ 8.8	\$ 12.2	\$ -	\$ 45.6
FY2017 Actuals	\$ 15.9	\$ 9.3	\$ 8.6	\$ 12.7	\$ -	\$ 46.5
FY2018 Actuals	\$ 16.0	\$ 10.2	\$ 8.7	\$ 13.2	\$ -	\$ 48.1
FY2019 Actuals	\$ 16.8	\$ 10.3	\$ 9.2	\$ 14.1	\$ -	\$ 50.4
FY2020 Actuals	\$ 17.1	\$ 11.2	\$ 8.8	\$ 9.9	\$ 0.2	\$ 47.2
FY2021 Actuals	\$ 9.5	\$ 9.6	\$ 9.2	\$ 10.7	\$ 1.6	\$ 40.6
FY2022 Adopted	\$ 11.0	\$ 10.2	\$ 9.0	\$ 13.0	\$ 1.8	\$ 45.0
FY2022 Projected	\$ 13.0	\$ 9.8	\$ 9.2	\$ 14.1	\$ 2.6	\$ 48.6
FY2022 Actuals	\$ 13.1	\$ 9.9	\$ 11.2	\$ 15.1	\$ 2.7	\$ 51.8
Over/(Under) Budget	\$ 0.1	\$ 0.1	\$ 2.0	\$ 1.0	\$ 0.1	\$ 3.2
FY2023 Forecast	\$ 17.9	\$ 11.2	\$ 9.4	\$ 14.3	\$ 2.9	\$ 55.7
FY2024 Forecast	\$ 18.4	\$ 11.5	\$ 9.7	\$ 14.7	\$ 3.1	\$ 57.5

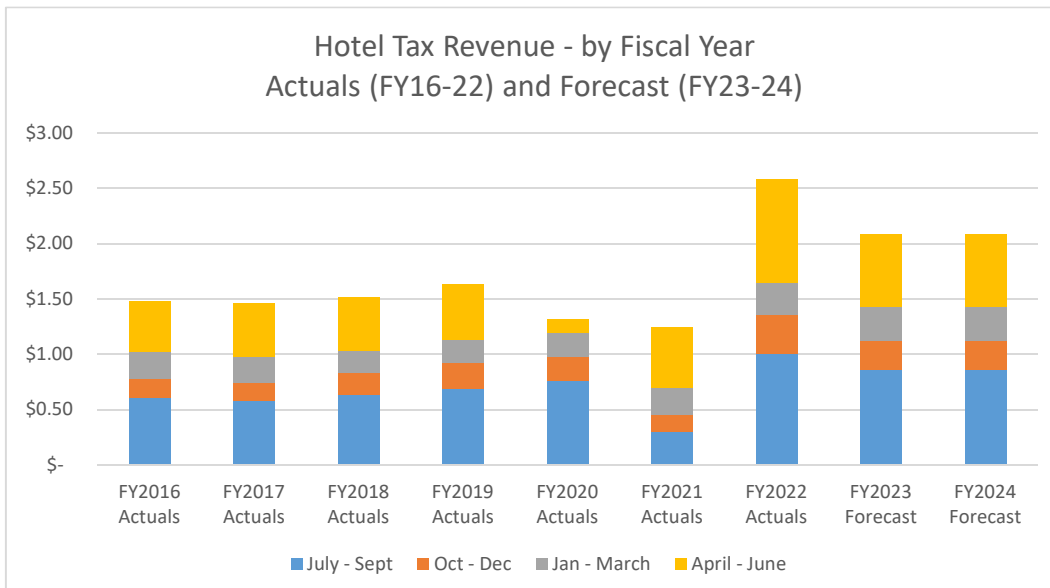
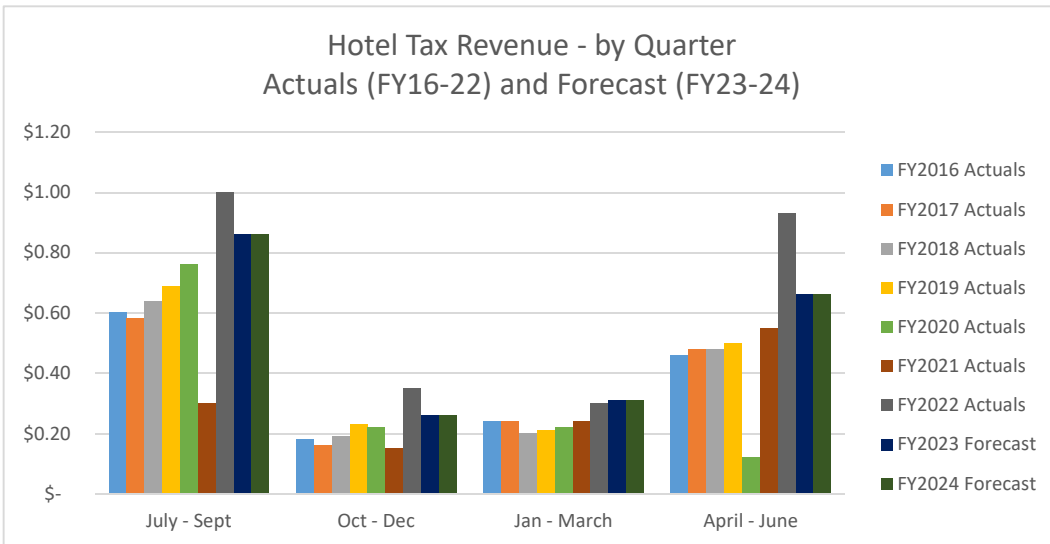


Hotel Tax Actuals and Forecast
Updated 9/1/2022

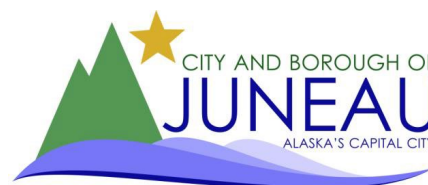
Section D, Item 7.

Hotel Tax	Q1 July - Sept	Q2 Oct - Dec	Q3 Jan - March	Q4 April - June	Total
FY2016 Actuals	\$ 0.60	\$ 0.18	\$ 0.24	\$ 0.46	\$ 1.48
FY2017 Actuals	\$ 0.58	\$ 0.16	\$ 0.24	\$ 0.48	\$ 1.46
FY2018 Actuals	\$ 0.64	\$ 0.19	\$ 0.20	\$ 0.48	\$ 1.51
FY2019 Actuals	\$ 0.69	\$ 0.23	\$ 0.21	\$ 0.50	\$ 1.63
FY2020 Actuals	\$ 0.76	\$ 0.22	\$ 0.22	\$ 0.12	\$ 1.32
FY2021 Actuals	\$ 0.30	\$ 0.15	\$ 0.24	\$ 0.55	\$ 1.24
FY2022 Adopted	\$ 0.35	\$ 0.21	\$ 0.21	\$ 0.48	\$ 1.25
FY2022 Projected	\$ 1.00	\$ 0.35	\$ 0.22	\$ 0.50	\$ 2.07
FY2022 Actuals	\$ 1.00	\$ 0.35	\$ 0.30	\$ 0.93	\$ 2.58
Over/(Under) Budget	\$ -	\$ -	\$ 0.08	\$ 0.43	\$ 0.51
FY2023 Forecast	\$ 0.86	\$ 0.26	\$ 0.31	\$ 0.66	\$ 2.09
FY2024 Forecast	\$ 0.86	\$ 0.26	\$ 0.31	\$ 0.66	\$ 2.09

Effective January 1, 2020 the hotel tax rate increased from 7% to 9%.



MEMORANDUM



DATE: September 7, 2022

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

105 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

SUBJECT: Reallocation of Short Term Rental Bed Tax to Affordable Housing Fund

With the rise of short-term rentals over the last decade, there is a perceived impact on the affordability and availability of long-term rentals for Juneau residents. At the same time, those short-term rentals are producing significant hotel-bed tax receipts, approximately \$340,000 in FY2022. The Assembly may wish to consider using hotel-bed taxes received from short-term rentals to mitigate the impact of short-term rentals on local housing availability by allocating those receipts to the Affordable Housing Fund.

Mechanically, the Assembly could accomplish this in two ways, either by:

- A. Transferring the amount of hotel-bed taxes received from short-term rentals to the Affordable Housing Fund by applying the historic percentage split only to the taxes received from typical hotels. Taxes received from short-term rentals would instead be transferred directly to the Affordable Housing fund.
- B. Redesigning the historical percentage split of all hotel-bed tax receipts in recognition of the overall impact of short-term rentals. For example, instead of a 4%/3%/2% split, the Assembly could choose a 3%/2%/2% split and then direct 2% to the Affordable Housing Fund.

Both methods would be subject to the uncertainty of budget forecasting. For the purpose of the calculation below, I have presumed at \$2.6 million in hotel-bed tax receipts in FY2024.

					FY2024 Options					
					Option A	Option B				
					STR to AHF	Alt Percentages				
Revenues										
Hotels	87%	\$	2,244,100	\$	1,815,361.90	\$	2,258,300	\$	2,258,300	
Non-Hotels (STRs)	13%	\$	339,500	\$	274,638.10	\$	341,700	\$	341,700	
Total		\$	2,583,600	\$	2,090,000	\$	2,600,000	\$	2,600,000	
Expenditures									Alt	
Tourism Promotion	4%	\$	555,600	\$	928,900	\$	1,003,700	\$	866,700	3%
Centennial Hall Operations	3%	\$	416,700	\$	639,100	\$	752,800	\$	577,800	2%
Centennial Hall Imprvmnts	2%	\$	277,700	\$	464,400	\$	501,800	\$	577,800	2%
Downtown Business Assoc	n/a	\$	-	\$	75,000	\$	-	\$	-	n/a
Interdepartmental Charges	n/a	\$	26,600	\$	37,000	\$	37,000	\$	37,000	n/a
Affordable Housing Fund	n/a	\$	-	\$	-	\$	341,700	\$	577,800	2%
Total	9%	\$	1,276,600	\$	2,144,400	\$	2,637,000	\$	2,637,100	

A series of resolutions from the 1980's established Juneau's disposition of hotel bed tax receipts. A 1993 memo from the City Clerk memorializes the current split. If the Assembly wishes to make a change, it should direct staff to prepare a new resolution modifying the future disposition of hotel bed tax receipts. Also, as a result of higher than expected revenue, the Hotel-Bed Tax fund has a balance exceeding \$1 million at the end of FY2022. The Assembly could consider transferring these funds to the Affordable Housing Fund in the concept that they potentially represent bed tax receipts from short-term rentals prior to FY2022.

Presented by: The Manager
Introduced: 06/04/84
Drafted by: K.C.R.

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 1036

A RESOLUTION ESTABLISHING ASSEMBLY INTENT TO UTILIZE THE PROCEEDS OF THE PROPOSED TWO PERCENT INCREASE IN THE HOTEL-MOTEL ROOM RENTAL TAX TO PROMOTE TOURISM DEVELOPMENT.

WHEREAS, the assembly supports the development of tourism as a major basic industry in Juneau, and

WHEREAS, the city and borough and the local tourism industry jointly sponsored a workshop in January 1984 to discuss ways to improve the tourism industry through cooperative efforts, and

WHEREAS, one of the recommendations from that workshop was to study the feasibility of developing a convention and visitor organization to coordinate and sponsor joint programs to encourage tourism, and

WHEREAS, an Interim Convention and Visitors Bureau was formed, and

WHEREAS, the Board of Directors of the Interim Juneau Convention and Visitor Bureau has presented to the assembly a plan to develop a Juneau Convention and Visitor Bureau, and

WHEREAS, the assembly has given conceptual approval to the plan, and

WHEREAS, one source of revenue for the Juneau Convention and Visitors Bureau is recommended to be the proceeds of a 2% increase in the existing hotel-motel room rental tax;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

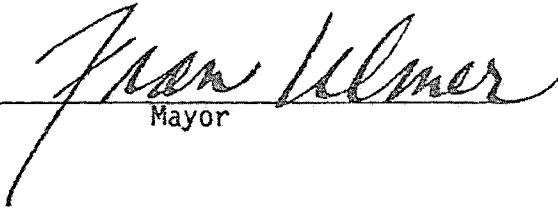
1. That the assembly supports the development of a Juneau Convention and Visitors Bureau with the overall purpose to coordinate public and private local resources to increase the number of visitors to Juneau.

2. That the assembly recognizes the hotel-motel room rental tax is paid primarily by visitors to Juneau and is an appropriate source of revenue to undertake programs to increase the number of visitors and tourists to Juneau and, thereby, expand the tourism industry and its contribution to the local economy.

3. That it is the intent of the assembly to utilize the proceeds of the proposed two percent increase in the hotel-motel room rental tax

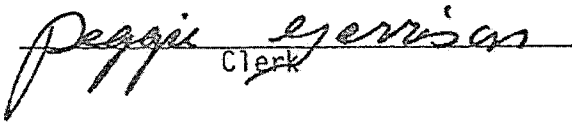
to be submitted to the voters in October 1984 to partially fund the Juneau Convention and Visitors Bureau upon assembly approval of a specific budget, activity program, and reporting system for the bureau relating to the fiscal year of the city and borough.

Adopted this 4th day of June, 1984.



Mayor

Attest:



Clerk

Presented by: Aase and Ho
Introduced: 8/21/80
Drafted by: L.L.D. & E.J.E.

Section D, Item 8.

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 687 (am 8-25-80)

A RESOLUTION DECLARING ASSEMBLY INTENT
IN RELATION TO THE USE OF THE PROCEEDS OF
A HOTEL-MOTEL ROOM TAX
PROPOSED BY ORDINANCE NO. 80-36.

WHEREAS, Ordinance No. 80-36 establishing a hotel-motel room rental tax on an areawide basis has been advanced to public hearing, and

WHEREAS, Ordinance No. 80-36, if passed by the assembly, requires a proposition be submitted to the qualified voters of the city and borough of Juneau on such tax, and

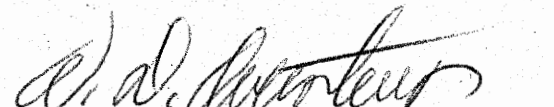
WHEREAS, taxes on hotel and motel transient room rentals are not uncommon in other municipalities, the proceeds of such tax being used to meet expenses of promotional activities, and

WHEREAS, the assembly's basic intent through Ordinance No. 80-36 is to provide funding for the promotion of the city and borough of Juneau and its attractions;

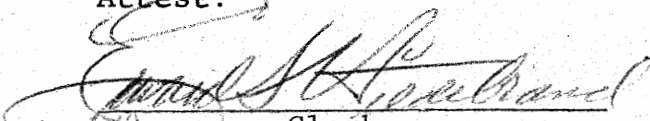
NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

That it is the intent of the assembly, should the proposition to the voters called for in Ordinance 80-36 be approved, to use the proceeds of the hotel-motel room rental tax for activities promoting the community and its attractions and providing for the needs of visitors in, but not limited to, the following ways: provide matching funds for state and federal grants which are or may become available; support a convention center; fund activities which advertise the area; support good-will travel; fund publicity to include movies, film clips, slide shows, exhibits, books, brochures, speaker kits, media advertising; and, provide funds for other projects as are deemed to enhance or improve the image of the community.

ADOPTED this 2nd day of September, 1980.


Mayor

Attest:


Clerk
Deputy

Laurie Sica

From: Donna Pierce
Sent: Tuesday, May 06, 2003 3:23
To: Borough Assembly
Cc: John Corso; Rod Swope
Subject: FW: Hotel-Motel tax revenues

there seemed to be a bit of confusion last week about assembly review and oversight of the tax dollars that support the JCVB budget. hope this clears that up. if anyone wants more historical information, please let me know.

-----Original Message-----

From: Donna Pierce
Sent: Thursday, May 01, 2003 5:07 PM
To: 'lorene.palmer@traveljuneau.com'
Cc: John Corso
Subject: FW: Hotel-Motel tax revenues

hi lorene. as i said last night, i have a file of the ballot issues and resolutions embodying the intent of the assembly with regard to bed tax. john corso also has the same information. let us know if you want to see anything. taxes, generally speaking, can't be "dedicated" but they are sometimes "earmarked" (john wouldn't approve those as legal terms, but you get the idea). the assembly did that through resolutions and intent language. from our research they haven't amended the resolution since the late 80's. and i have no record of grant agreements made after the one attached.

the point john made to me was that the assembly reauthorizes JCVB's funding every year when it adopts the budget. therefore, even though this hasn't consistently happened over the years, it's appropriate for the assembly to review the tax-related part of the JCVB's budget every year, and besides, it's a great opportunity for you to communicate JCVB's accomplishments.

-----Original Message-----

From: John Corso
Sent: Thursday, May 01, 2003 4:17 PM
To: 'lorene.palmer@traveljuneau.com'
Cc: Donna Pierce
Subject: Hotel-Motel tax revenues

Lorene:

I'm will be out of town until Tuesday, but a quick review of Resolution 1036, attached, indicates that JCVB is a permissible, not a mandatory recipient of hotel-motel tax revenues. Please take a look at the resolution, particularly section 3. The language about "the intent of the Assembly" is our usual way of saying that the Assembly is not bound. I welcome your questions after I return.

-John

MEMORANDUM

CITY/BOROUGH OF JUNEAU
155 South Seward Street, Juneau, Alaska 99801

Section D, Item 8.

Date: February 9, 1993

To: Committee on Committees

From: Patty Ann Polley, CMC
Municipal Clerk

Re: JCVB

The Juneau Convention and Visitors Bureau was incorporated as a non profit 501 (c) (6) corporation on March 11, 1985.

Between the 1970's and 1984 a number of different scenarios were tried for visitors information and centers but none were particularly successful. Among the scenarios tried were: (1) there was an organization which received a direct appropriation from the Assembly for visitors information centers, (2) the CBJ took over JCVB for a year but found that was not successful, and (3) the Chamber became involved and received an appropriation for \$50,000 for visitors services but there was a conflict between the purposes of the Chamber and visitors information. Finally, the tourism industry came back to the Assembly with an offer to back the bed tax and JCVB would incorporate and manage visitors centers and visitors information. Bob Dindinger provided me with the history of the various efforts to provide tourism information and visitors centers for the CBJ.

The original incorporators of JCVB were: Kevin Ritchie, Bob Jacobsen, Mike Weaver, Frank Pival, Joe Merrill, Bob Dindinger, Millie Shelley, Robert Derse and Vern Schmitt.

On October 2, 1984, the ballot contained a proposition increasing the bed tax from 3% to 5%. The ballot for the CBJ election on October 4, 1988, contained the question to increase the bed tax from 5% to 7%. The 1988 ballot indicated the tax was for "programs which are directly related to the development and promotion of the tourism industry in Juneau, including but not limited to, partial funding of the Juneau Convention and Visitors Bureau, and funding of tourism marketing programs." In both 1984 and 1988, the voters approved the ballot measures.

The JCVB receives 4 cents of the 7 cent bed tax and Parks and Rec for Centennial Hall receives the remaining 3 cents of the bed tax. Parks and Rec in turn contracts with JCVB for the marketing of Centennial Hall.

Presently, Dennis Egan is serving as the Assembly liaison to the JCVB and Jim Dumont is serving as the CBJ staff liaison to JCVB.

Attached are a copy of the incorporation papers, the by laws, and general information relating to JCVB.

PAP:etp



CITY/BOROUGH OF JUNEAU
★ ALASKA'S CAPITAL CITY

GRANT AGREEMENT BETWEEN THE CITY AND BOROUGH OF JUNEAU
AND THE JUNEAU CONVENTION AND VISITORS BUREAU

WHEREAS, the voters of the City and Borough of Juneau approved a two percent increase in the hotel-motel room rental tax, and

WHEREAS, the Assembly adopted Resolution Serial Number 1036 establishing Assembly intent to utilize the proceeds of the two percent increase as follows:

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 1036

A RESOLUTION ESTABLISHING THE ASSEMBLY INTENT TO UTILIZE THE PROCEEDS OF THE PROPOSED TWO PERCENT INCREASE IN THE HOTEL-MOTEL ROOM RENTAL TAX TO PROMOTE TOURISM DEVELOPMENT.

WHEREAS, the assembly supports the development of tourism as a major basic industry in Juneau, and

WHEREAS, the city and borough and the local tourism industry jointly sponsored a workshop in January 1984 to discuss ways to improve the tourism industry through cooperative efforts, and

WHEREAS, one of the recommendations from that workshop was to study the feasibility of developing a convention and visitor organization to coordinate and sponsor joint programs to encourage tourism,

WHEREAS, an Interim Convention and Visitors Bureau was formed, and

WHEREAS, the Board of Directors of the Interim Juneau Convention and Visitors Bureau has presented to the assembly a plan to develop a Juneau Convention and Visitors Bureau, and

WHEREAS, the assembly has given conceptual approval to the plan, and

WHEREAS, one source of revenue for the Juneau Convention and Visitors Bureau is recommended to be the proceeds of a two percent increase in the existing hotel-motel room rental tax;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

1. That the assembly supports the development of a Juneau Convention and Visitors Bureau with the overall purpose to coordinate public and private local resources to increase the number of visitors to Juneau.

2. That the assembly recognizes the hotel-motel room rental tax is paid primarily by visitors to Juneau and is an appropriate source of revenue to undertake programs to increase the number of visitors and tourists to Juneau, and thereby, expand the tourism industry and its contribution to the local economy.

3. That it is the intent of the assembly to utilize the proceeds of the proposed two percent increase in the hotel-motel room rental tax to be submitted to the voters in October 1984 to partially fund the Juneau Convention and Visitors Bureau upon assembly approval of a specific budget, activity program, and reporting system for the bureau relating to the fiscal year of the city and borough.

Adopted this 4th day of June, 1984.

WHEREAS, the Assembly in Ordinance 84-22 (ag) appropriated \$70,000 to partially fund the Juneau Convention and Visitors Bureau from January 1, 1985, through June 30, 1985, based on a budget submitted by the bureau;

WHEREAS, the Juneau Convention and Visitors Bureau (JCVB) is an incorporated entity with the following mission and goals adopted by the board of directors:

JCVB MISSION

The Juneau Convention and Visitors Bureau is a non-profit organization whose purpose is to coordinate local resources to increase the number of visitors to Juneau.

Supporting Narrative:

The Juneau Convention and Visitors Bureau would represent the City and Borough of Juneau in the solicitation of all types of travelers to our area -- whether they visit for business, pleasure, or both.

It would be the "catalyst" that brings together the interests of city government, trade and civic associations, and individual travel suppliers -- hotels, motels, restaurants, attractions, transportation, and other business in increasing outside visitor traffic to our area.

The Juneau Convention and Visitors Bureau would be the City and Borough of Juneau's liasion between potential visitors in our area and the businesses which will host them when they arrive. It would act as a central informational clearing house, a convention management consultant, and a marketing and promotional agency.

JCVB GOALS

1. TO DEVELOP AND IMPLEMENT AN ORGANIZATION WHICH WILL ACT AS THE COOPERATIVE SOURCE OF CONTACT FOR VISITORS INTERESTED IN COMING TO JUNEAU.
2. TO DEVELOP AND IMPLEMENT AN ONGOING MARKETING AND INFORMATIONAL PROGRAM WHICH WILL SELL THE CAPITAL CITY OF JUNEAU AND ITS ATTRACTIONS TO POTENTIAL VISITORS.
3. TO RESERVE THE NEGATIVE TREND OF TOURISM IN SOUTHEAST ALASKA AND PROMOTE THE POSITIVE GROWTH OF THE NUMBER OF VISITORS COMING TO OUR AREA.
4. TO CONTACT AND PERSUADE CONVENTION GROUPS TO COME TO JUNEAU, THUS REDUCING THE BURDEN OF THE OPERATING DEFICIT OF CENTENNIAL HALL AND INCREASING THE AMOUNT OF REVENUES COMING TO JUNEAU.
5. TO ASSIST IN DEVELOPING AND IMPLEMENTING QUALITY VISITOR'S SERVICES PROGRAMS TO BENEFIT THE VISITOR UPON HIS ARRIVAL TO JUNEAU.
6. TO ASSIST IN DEVELOPING AND IMPLEMENTING ADDITIONAL TRAVEL ITINERARY ALTERNATIVES TO SOUTHEAST ALASKA FOR THE POTENTIAL VISITOR.

GRANT AGREEMENT BETWEEN THE CITY AND BOROUGH OF JUNEAU
AND THE JUNEAU CONVENTION AND VISITORS BUREAU

This is an agreement between the City and Borough of Juneau (CBJ) and the Juneau Convention and Visitors Bureau (JCVB) on September 23, 1987.

WHEREAS, the JCVB has submitted to the CBJ Assembly a marketing plan for convention and visitor solicitation, a visitor services operation plan and a budget identifying specific activities of the total plan and

WHEREAS, in order to provide such services, the JCVB requires compensation to implement activities identified in the marketing and operations plan and

WHEREAS, the JCVB has submitted a specific marketing plan for Centennial Hall with identified activities and program expenses for fiscal year 1988;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. The JCVB shall participate in the CBJ's annual budget process according to a schedule and directions provided by the CBJ Assembly. An annual budget and marketing plan for the upcoming fiscal year will be submitted to all members of the CBJ Assembly and the City Manager prior to the scheduled budget process.

2. The JCVB will submit quarterly financial activity reports 30 days after the close of each quarter (the first quarter beginning with July) to the CBJ Assembly and City Manager.

3. The JCVB shall provide for an annual audit of its finances by a Certified Public Accountant and submit the document to the City Manager.

4. The JCVB shall defend, indemnify, and hold harmless the CBJ from any claim whatsoever arising from the activities of the JCVB, its officers, employees, and directors.

5. The JCVB shall acquire and maintain workers compensation insurance for all of its employees. The JCVB shall also acquire and maintain insurance for automobile liability, general liability, and corporate legal liability in amounts for risks specified by the CBJ Risk Manager.

6. The CBJ and JCVB will work together, in a cooperative effort, to share statistical information for administrative purposes.

7. The financial and other records of the JCVB will be available at all times to the CBJ during normal working hours.

8. As stated in Resolution 1036, the intent of the Assembly is to utilize the proceeds of the 2% hotel-motel room tax to fund the activities of the JCVB. If the JCVB proposes a budget below the revenue from the 2% tax, the excess revenue shall be reserved in a fund for future funding requests by the JCVB.

9. The JCVB shall make every reasonable effort to comply with the m and reach the goals as adopted by its Board of Directors and set out in the recitals hereto.

10. The CBJ Administration shall provide, in full, the grant allocations as appropriated by the CBJ Assembly, to the JCVB at the beginning of each year.

11. The JCVB may occupy and use the Davis Log Cabin and associated office equipment for the purpose of providing the services. JCVB will provide all routine maintenance for said facility including janitorial and individual repairs under \$500.00. The CBJ will provide all annual major maintenance to said facility in excess of \$500.00.

12. The CBJ agrees to pay the JCVB 40% of the 5% hotel-motel room tax (formerly referred to as "2% of the bed tax"), plus \$94,000 for the marketing of Centennial Hall and \$64,400 for the administration and operation of the Davis Log Cabin Visitor Information Center.

13. In exchange for this compensation, the JCVB shall implement the planned activities proposed in the Centennial Hall marketing plan, not to exceed the proposed \$94,000. The JCVB will provide the City with quarterly reports that include data specific to the Centennial Hall marketing activities found in the attached proposal.

14. In addition, the JCVB will:

(a) Waive JCVB membership fees for Centennial Hall.

(b) Provide complimentary space in the JCVB newsletter for the Centennial Hall Manager's editorial use. Complimentary copies of the quarterly newsletter will be sent to all local media, the members of the Assembly, and Centennial Hall Advisory Committee members.

15. In addition to providing financial resources for the convention marketing activities of Centennial Hall, the CBJ, through its Centennial Hall staff, shall provide for local and statewide advertising that is related to convention solicitation, for the local meeting planner seminar, for printing of the 4-color Centennial Hall brochure with accompanying rates, policies and procedures guide, and for materials commonly distributed to Centennial Hall user groups, such as pads and pens.

16. This agreement terminates June 30, 1988, and is subject to renewal thereafter upon written agreement of both parties.

Dated this _____ day of _____, 1987.

CITY AND BOROUGH OF JUNEAU, ALASKA

By: _____
Kevin C. Ritchie, City Manager

JUNEAU CONVENTION AND VISITORS BUREAU

By: _____
Kimberley A. Tyner, President

REVISION #1

CONTRACTUAL PROPOSAL

FOR CONVENTION SOLICITATION FOR CENTENNIAL HALL

* PL = Per Lead

1.	Overhead/Administration	\$ 26,016
2.	CBJ Required Activity/Progress Reports (Monthly, Quarterly, Annual) and Meetings	4,352
3.	Slide Show	1,500
4.	Advertising	8,500
5.	Stock Supply of Promo Items and Brochures	6,000
6.	Public Relations and Press Kits	1,118
7.	Convention/Meeting Assistance for Centennial Hall <u>only</u> and Materials for delegates	6,160
8.	Site Inspections - (4 Planners)	1,292
9.	Directories, Convention Lists, Memberships	2,960
10.	Developing New Leads: 15 National (Reduce to 10) 16 Statewide (Reduce to 8)	4,976/\$497 PL 3,535/\$441 PL
11.	FAM Trip (7 Planners) (Eliminate Totally)	-0-
12.	Meeting Planner Seminars (1) National (1) Statewide	4,464/\$112 PL 3,140/\$ 78 PL
13.	Convention Bids: Formal 18% (Reduced to 4) Informal (82%)	11,668/\$2917 per bid 14,980/\$ 428 per bid
14.	Tradeshows: (35-45 leads) National (5-6 leads) Smaller Regional (Eliminate smaller show)	5,594/\$143 PL -0-
TOTAL		\$106,255
Less State Grant Appropriation		<u>12,722</u> \$93,533
NEEDED OPTION: Tradeshow Display Booth		\$ 1,500 upgrade 5,000 new display